

CITY OF ROSWELL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2014

Prepared By:
The City of Roswell Finance Department

INTRODUCTORY SECTION

CITY OF ROSWELL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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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 24, 2014

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, 2014. This report consists of management's representations concerning the finances of the City of Roswell. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. We believe the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the City. All disclosures necessary to enable the reader to gain a full understanding of the City's financial activities have been included.

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

Georgia Code requires an annual audit by independent certified public accountants. The City selected the accounting firm Mauldin & Jenkins, LLC to complete the audit of the 2014 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, 2014, 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 unmodified opinion that the City of Roswell and its component units' financial statements for the fiscal year ended June 30, 2014 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, 2014. The required reports are included in the Single Audit section of this report.

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



Reporting Entity

The financial reporting entity (the government) includes all the funds of the primary government (i.e., City of Roswell Georgia, as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units (although legally separate entities) are, in substance, part of the primary government's operations and are included as part of the primary government. There are no potential blended component units that met these criteria. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Development Authority of the City of Roswell, the Downtown Development Authority, Historic Roswell Convention & Visitors Bureau, Inc., and Friends of Bulloch, Inc. are reported as discretely presented component units at June 30, 2014.

The City operates under a charter adopted in 1854 and revised on April 19, 2000, which provides for a Mayor-Council form of government with a city administrator. Roswell's City Council is comprised of six dedicated individuals who, elected at large, work together to make Roswell a better place to live, work and play. Overseeing policy making decisions, the City Council approves the annual budget, determines the millage rate, acts on rezoning and annexation and approves various ordinances. Council members also serve on City committees that give them the opportunity to learn critical details of projects and services that they will eventually vote upon in Regular and Zoning Council meetings.

The City of Roswell, Georgia is located in northern Fulton County, 20 miles north of the City of Atlanta. Fulton County is the central and most populous county in Georgia. The City of Roswell has a land area of 39.26 square miles and has an unparalleled quality of life for its 94,034 residents.

DID YOU KNOW:

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

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 broadcasted 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.

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

Roswell's recreation and parks services are second to none in the State of Georgia. From the hundreds of programs offered to residents to the City's beautiful trail system, no other park system in the state matches Roswell's. Roswell has 917 acres of parkland, 10 acres per 1,000 residents. This exceeds the national recommendation of 7 acres per 1,000 residents. Roswell Recreation and Parks Department is nationally accredited and has been received the Georgia Recreation and Parks Association Agency of the Year designation for nine years. They have also received the USA Track and Field Georgia Association Green Space Award and were named "Community Wildlife Habitat" by the National Wildlife Federation in 2013.

City recreational programs include an exhaustive list of activities such as tennis, gymnastics, disc golf, skateboarding, swimming, soccer, lacrosse, baseball, basketball, and football. Many of these activities are supported by various booster organizations. Several sporting clubs call Roswell home including rowing teams, hiking groups, mountain biking, and road cycling clubs. The city is also one of eight 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.

DID YOU KNOW:

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

Quality of life for a community begins with a feeling of safety in our homes and in our streets. The City of Roswell has one of the lowest crime rates in the state and is consistently ranked as one of the safest cities in the entire Southeast. Roswell is consistently named one of the safest cities in the United States as well as the safest city in Georgia. Our City has received this accolade on multiple occasions, and we achieve this milestone each year through a well-trained and dedicated police force, and innovative technology.

Roswell’s firefighters are on duty 24-hours-a-day, seven days a week to protect the lives of all citizens who live, work, visit or travel through Roswell. Roswell’s Fire Department accomplishes this with a combined part-time and full-time work force and seven stations throughout the community. Roswell’s Fire Department holds an Insurance Service Office (ISO) rating of Class 3. The ISO rating is a measurement of the effectiveness of fire protection services. Insurance companies base their fire insurance premiums on this rating, generally offering lower rates to communities with better protection.

Roswell continues to be a leader in the metro Atlanta area in managing the current and future growth of our wonderful city. We are fortunate to have leaders who concentrate their policy making into solid guidelines for smart growth and development. The Community Development Department is responsible for carrying out those guidelines. The City has implemented a number of projects that will enhance our community. These projects include the completion of the City’s Unified Development Code, the Transportation Master Plan, and the East West Alley Master Plan. The Community Development Department also coordinates economic development with Roswell INC, building inspections and code enforcement. Roswell’s enforcement of building codes with respect to apartments is the model for metro Atlanta.

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

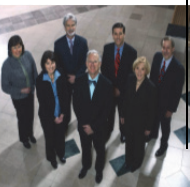
For a community the size of Roswell, there are a significant collection of cultural organizations of which the community can be very proud. The historic downtown includes professional galleries, theaters, and music venues. The Georgia Ensemble Theatre and Michael O’Neal Singers all call Roswell home.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

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

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

City Organization

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



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

Budgetary Controls

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

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

Local Economy

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

Duke Land Group has unveiled plans for Riverwalk Village, a 104-acre mixed-use community located in Roswell between Ga. 400 and Old Alabama Road. The ecologically driven development will add to the growing vitality of Roswell, attract new businesses and jobs, and generate millions of dollars in tax revenue for the City. The development will include a maximum of:

- 1,556 residential units, including single family attached, multifamily and active adult housing
- 490,000 square feet of general commercial real estate including retail, restaurant, entertainment and grocery
- 1.7 million square feet of office space
- 200-key hotel
- 200,000 square feet of civic and institutional space including the Swift School, a school for children with language-based learning differences
- Approximately 43% of the land will be preserved for open space, including parks and public spaces

Roswell's City Walk by Lennar Multi-Family Corporation is currently constructing a large piece of residential aspect of the new Groveway multi-use community. This will include 320 luxury units with one, two and three bedrooms. This urban style living is expected to attract primarily young professionals and empty nesters. It will increase the diversity of housing options and improve walkability in the downtown area. Lennar has seen the potential of Roswell's future and has made a sizable investment in order to become part of the ever growing community.

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.

Roswell and the other cities of the Georgia 400 Corridor have seen unprecedented growth and change in recent years. While much of the country still struggles to climb out of the economic dip of 2009, the North Fulton communities are racing toward the future at a sprint, developmentally speaking.

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

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?

In the past, large population growth would likely result in further sprawl with the expansion of residential neighborhoods and chain-filled shopping centers. Now, however, local municipalities are looking inward and taking stock of their resources. They are reinvesting in current properties and implementing creative new zoning practices that will improve the quality of life within the cities. Roswell's new and updated UDC, or Unified Development Code, is an invaluable tool in the redevelopment efforts. It allows for mixed-use zoning and simplifies the processes that have hindered new businesses in the past. The aging shopping centers of the 80's and 90's are being converted into office, retail and even residential spaces that allow residents to live, work and play within a walkable area.

This includes several massive projects that will create mixed use, urban style developments in these formerly isolated suburbs. Projects like Alpharetta's Avalon, Roswell's City Walk and Milton's proposed city center all offer the village style amenities that allow residents to live, work and play within reasonable and even walkable distance. Furthermore, the Georgia 400 Corridor is attracting major businesses to the area in larger numbers and diversity that ever before, particularly in the IT and medical industries. These corporations bring thousands of jobs to the area and provide opportunity for the highly skilled, highly educated workforce to thrive. This promotes affluence within the communities and further drives the local economics forward. Given Roswell's access to GA 400 and proximity to Perimeter Center, Buckhead, Midtown and Downtown Atlanta, the city is well situated to capitalize on future expansion and relocation.

**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 2014. 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 2014 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 2014, 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 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 INFORMATION

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. 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 unsecured 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, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

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

A Certificate of Achievement is valid for a period of one year only. The City of Roswell has received a Certificate of Achievement for the last twenty-five 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 2014 by the National Purchasing Institute and received their 10th 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 2014. 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 eleven (11) fiscal years.

City Recognition

- **Named a Gold Certified Green Community** by the Atlanta Regional Commission for leadership in its environmental and sustainability efforts.
- **Named One of the Top Three Cities in the Nation to Raise Your Family:** Roswell was listed third in the book, "Best Places to Raise Your Family," released by Frommer's
- Roswell is ranked as the **18th Safest City in the United States** according to City Crime Rankings
- **Named the 6th Best Place to Retire in the United States** by Black Enterprise Magazine
- **City of Excellence:** Only 50 cities in the state have been honored with the designation by the Georgia Municipal Association
- Designated as a **Bicycle Friendly Community in 2006** by the League of American Bicyclists
- "Money Magazine's" **19th Best Eastern U.S. City to Live:** Roswell was ranked 19th for cities with populations under 100,000
- "Atlanta Magazine's" **Best Place to Live in Metro Atlanta:** Roswell was honored twice by "Atlanta Magazine" as the best place to live in the metro area
- **Internationally Accredited Police Department:** Commission on Accreditation of Law Enforcement Agencies (CALEA)
- **State of Georgia Law Enforcement Certification:** Roswell Police Department
- **Nationally Accredited Recreation and Parks Department:** Commission for Accreditation of Park and Recreation Agencies
- **Preserve America Community Designation:** Honored for its efforts in preserving our historic, cultural, and natural heritage

Awards

- **Trendsetter Award 2006:** Roswell received the award for the Big Creek Wetlands demonstration project from the [Georgia Municipal Association](#)
- **Create Community Award 2005:** The Atlanta Regional Commission's most prestigious award. Roswell was honored for its efforts in environmental sustainability
- **Georgia Recreation and Parks Agency of the Year:** 1974, 1979, 1984, 1988, 1990, 2000, 2005
- **Tree City USA Award:** The National Arbor Day Foundation

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,

A handwritten signature in blue ink that reads "Keith Lee". The signature is written in a cursive style with a large initial "K".

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, 2013

Executive Director/CEO

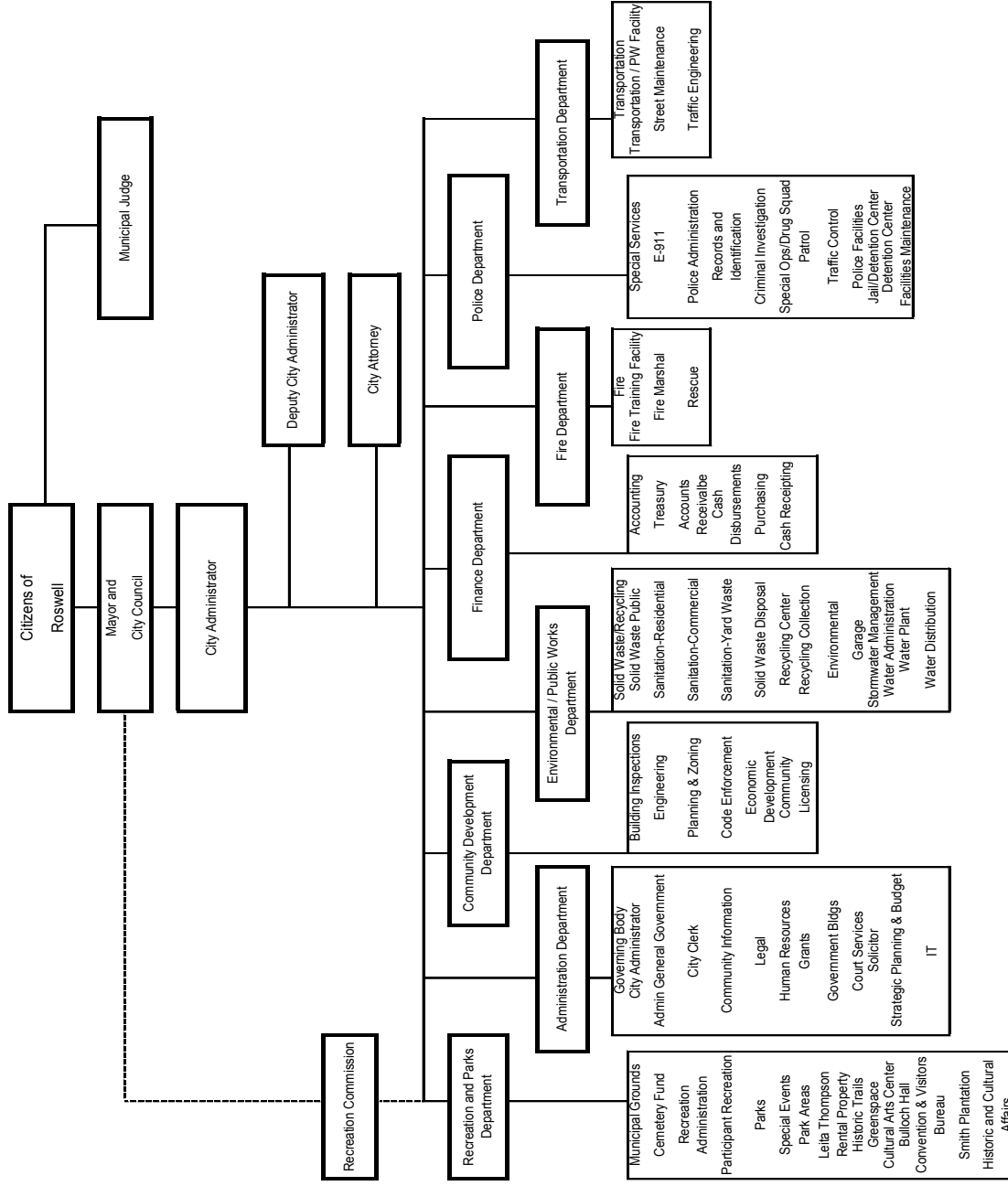
CITY OF ROSWELL, GEORGIA

PRINCIPAL OFFICIALS

June 30, 2014

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, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and Federal Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 4 through 14 and 55 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014 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 the City of Roswell, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 23, 2014

Management's Discussion and Analysis

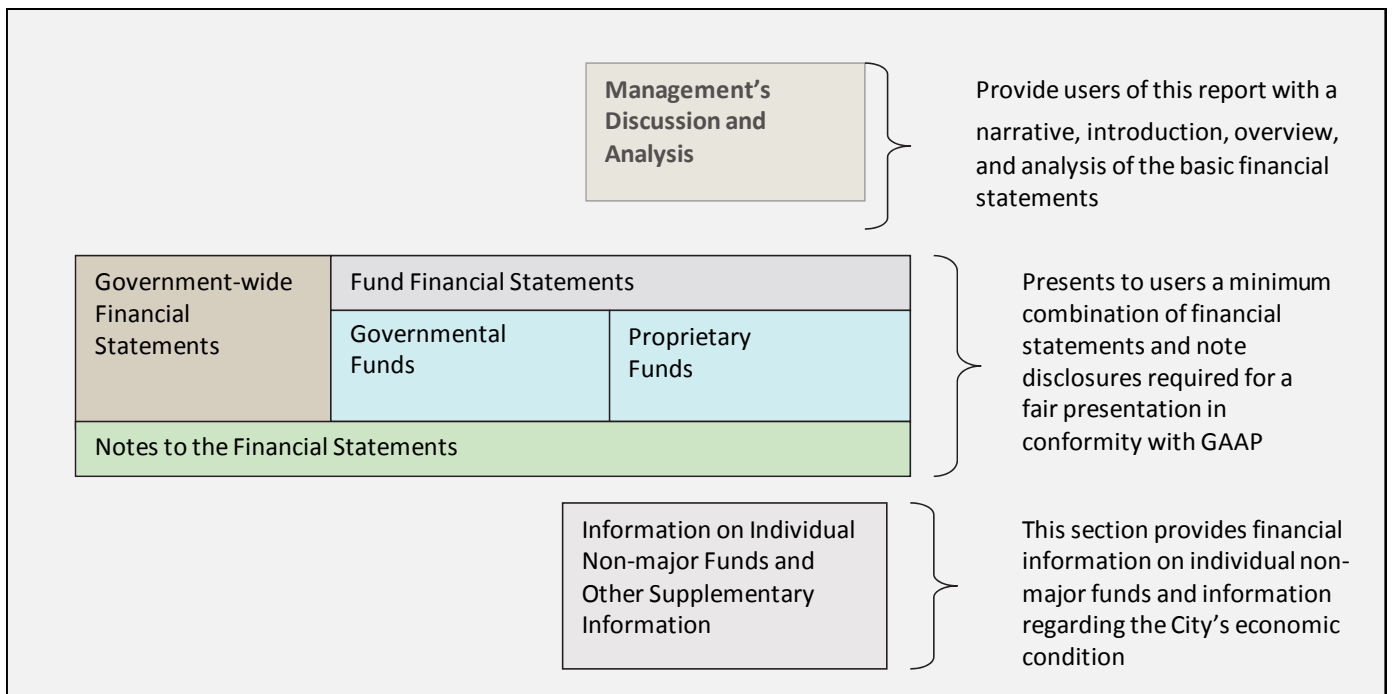
As management of Roswell, Georgia, we offer readers of Roswell's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. This discussion is intended to:

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

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

Overview of the Financial Statements

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



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

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

Government-wide Financial Statements

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

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets, deferred outflows of resources, 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 15 and 16 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 13 non-major governmental funds. The City's major governmental funds are:
 - General,
 - Federal Grants,
 - Impact Fees,
 - Capital Projects,
 - Debt Service.

The City's non-major governmental funds are:

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

The basic governmental fund financial statements are presented on pages 17-20 of this report.

- **Proprietary funds** – The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information such as cash flows. These are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City maintains four enterprise funds:
 - Water and Sewer,
 - Solid Waste,
 - Storm Water, and
 - Participant Recreation.
- **Internal service funds** – These funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units on a cost-reimbursement basis. The City has four of the fund types: Workman's Compensation, Risk Management, 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

Budgetary comparison statements are included as "basic financial statements" for the General Fund and Federal Grants Fund, budgetary comparison schedules for all other 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.

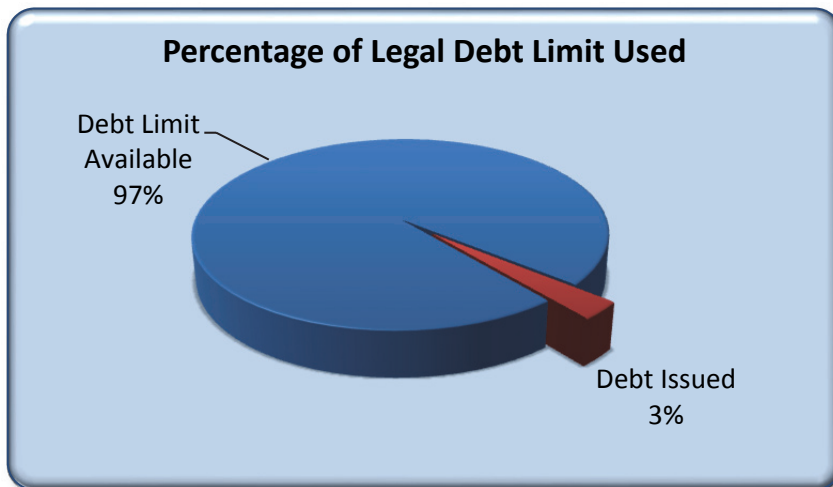
Within this section of the City of Roswell, Georgia's (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities at June 30, 2014 by \$264,123,238 (net position) for the fiscal year reported. Of this amount, \$50,469,231 (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 \$186,390,129 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 \$27,263,878 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 \$63,385,023 in fiscal year 2013 to \$50,469,231.

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 \$4,273,754 during the current fiscal year. The increase in the net long-term debt was caused by the issuance of General Obligation bonds in FY 2014.



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 2014 increased 2.87% from \$256,763,044 at June 30, 2013 to \$264,123,238 at June 30, 2014 (See Table 1).

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

(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Percentage of Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Assets:								
Current and other assets	\$ 82,694	\$ 75,439	\$ 18,754	\$ 20,632	\$ 101,448	\$ 96,071	34.21%	33.85%
Capital assets	174,741	169,172	20,321	18,567	195,062	187,739	65.79%	66.15%
Total assets	257,435	244,611	39,075	39,199	296,510	283,810	100.00%	100.00%
Deferred outflows of resources								
	90	225	-	-	90	225	100.00%	100.00%
Liabilities:								
Current liabilities	6,605	7,701	3,179	3,854	9,784	11,555	30.13%	42.37%
Long-term liabilities	22,182	14,269	511	1,448	22,693	15,717	69.87%	57.63%
Total liabilities	28,787	21,970	3,690	5,302	32,477	27,272	100.00%	100.00%
Net assets:								
Net investment in capital assets	166,282	154,588	20,108	17,069	186,390	171,657	70.57%	66.85%
Restricted	27,264	21,721	-	-	27,264	21,721	10.32%	8.46%
Unrestricted	35,192	46,557	15,277	16,828	50,469	63,385	19.11%	24.69%
Total net position	\$ 228,738	\$ 222,866	\$ 35,385	\$ 33,897	\$ 264,123	\$ 256,763	100.00%	100.00%

The largest portion of the City's net position (70.57%) at June 30, 2014, 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 (10.32%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$50,469,000 or 19.11%) may be used to meet the government's ongoing obligations to citizens and creditors.

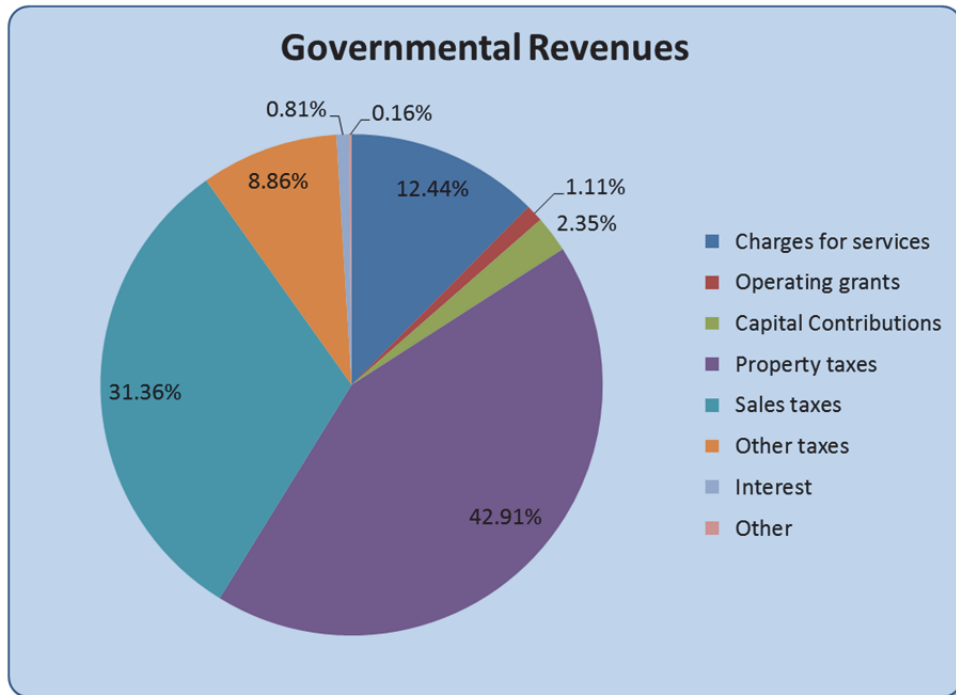
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF ROSWELL'S CHANGES IN NET POSITION

Summary of Changes in Net Position (Table 2)

(in thousands of dollars)

	Governmental Activities		Business Activities		Total		Percentage of Total		
	2014	2013	2014	2013	2014	2013	2014	2013	
<i>Revenues:</i>									
<i>Program:</i>									
Charges for services	\$ 9,054	\$ 8,513	\$ 19,509	\$ 19,800	\$ 28,563	\$ 28,313	30.88%	31.30%	
Operating grants	811	1,217	-	-	811	1,217	0.88%	1.35%	
Capital Contributions	1,709	2,101	-	-	1,709	2,101	1.85%	2.32%	
<i>General:</i>									
Property taxes	31,239	30,398	-	-	31,239	30,398	33.77%	33.61%	
Sales taxes	22,835	21,816	-	-	22,835	21,816	24.68%	24.12%	
Other taxes	6,453	6,148	-	-	6,453	6,148	6.98%	6.80%	
Interest	587	229	160	5	747	234	0.81%	0.26%	
Other	119	217	28	-	147	217	0.15%	0.24%	
Total revenues	72,807	70,639	19,697	19,805	92,504	90,444	100.00%	100.00%	
<i>Program Expenses:</i>									
General government	9,448	8,455	-	-	9,448	8,455	11.10%	10.20%	
Judicial	1,265	1,371	-	-	1,265	1,371	1.49%	1.65%	
Financial services	1,994	2,159	-	-	1,994	2,159	2.34%	2.60%	
Planning and zoning	3,260	2,844	-	-	3,260	2,844	3.83%	3.43%	
Public safety	25,881	24,622	-	-	25,881	24,622	28.00%	29.70%	
Public works	11,433	12,356	-	-	11,433	12,356	15.76%	14.90%	
Culture and recreation	12,767	12,258	-	-	12,767	12,258	14.99%	14.78%	
Interest	525	574	-	-	525	574	0.62%	0.69%	
Water and sewer	-	-	3,091	2,861	3,091	2,861	3.63%	3.45%	
Solid waste	-	-	9,064	8,928	9,064	8,928	10.65%	10.77%	
Stormwater	-	-	1,628	1,522	1,628	1,522	1.91%	1.84%	
Participant Recreation	-	-	4,788	4,964	4,788	4,964	5.68%	5.99%	
Total expenses	66,573	64,639	18,571	18,275	85,144	82,914	100%	100%	
Excess (deficiency)	6,234	6,000	1,126	1,530	7,360	7,530			
Sale of assets	-	-	-	-	-	-			
Transfers	(362)	(571)	362	571	-	-			
Change in net position	5,872	5,429	1,488	2,101	7,360	7,530			
<i>Beginning net position</i>									
<i>position, restated</i>	<u>222,866</u>	<u>217,437</u>	<u>33,897</u>	<u>31,795</u>	<u>256,763</u>	<u>249,232</u>			
Ending net position	\$ 228,738	\$ 222,866	\$ 35,385	\$ 33,896	\$ 264,123	\$ 256,762			



The City's governmental activities are heavily reliant on property taxes and sales taxes to support governmental operations. Property taxes provided 42.91% and sales taxes provided 31.36% of the City's total governmental revenues. Also, note that program revenues cover 15.9% of governmental expenses. This means that the government's taxpayers and the City's other general revenues fund 84.1% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

GOVERNMENTAL ACTIVITIES EXPENSES

CITY OF ROSWELL GOVERNMENTAL ACTIVITIES (TABLE 3)

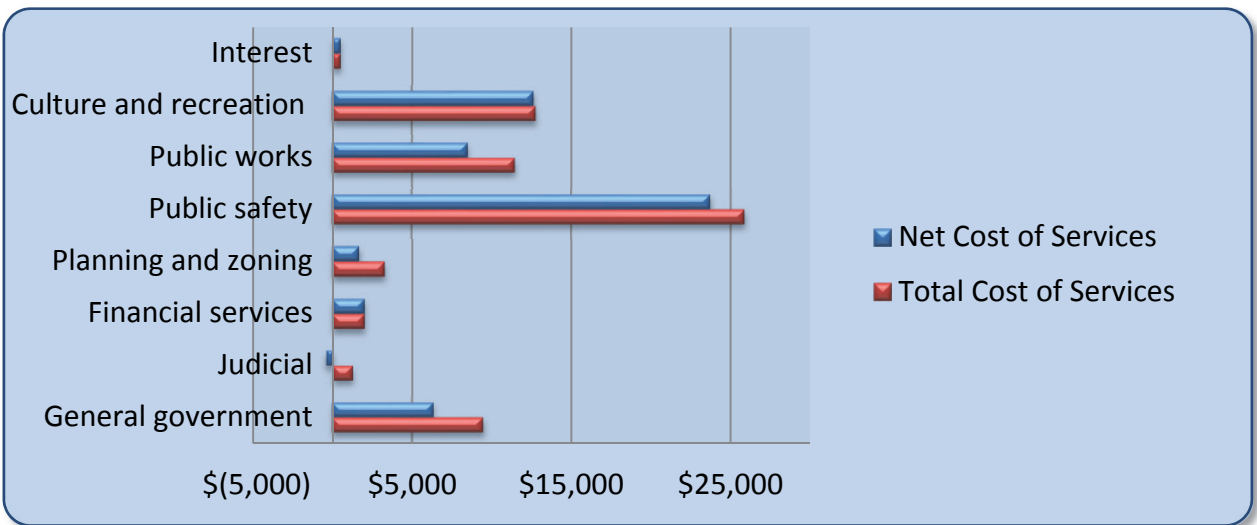
(IN THOUSANDS OF DOLLARS)

	Total Cost of Services		Percentage of Total		Net Cost of Services		Percentage of Total	
	2014	2013	2014	2013	2014	2013	2014	2013
<i>General government</i>	\$ 9,448	\$ 8,455	14.19%	13.08%	\$ 6,359	\$ 5,389	11.56%	10.07%
<i>Judicial</i>	1,265	1,371	1.90%	2.12%	(437)	(875)	-0.79%	-1.63%
<i>Financial services</i>	1,994	2,158	2.99%	3.34%	1,994	2,159	3.63%	4.03%
<i>Planning and zoning</i>	3,260	2,844	4.90%	4.40%	1,687	1,840	3.07%	3.44%
<i>Public safety</i>	25,881	24,622	38.88%	38.09%	23,735	22,634	43.16%	42.28%
<i>Public works</i>	11,433	12,356	17.17%	19.12%	8,501	10,014	15.46%	18.71%
<i>Culture and recreation</i>	12,767	12,258	19.18%	18.96%	12,635	11,798	22.97%	22.04%
<i>Interest</i>	525	574	0.79%	0.89%	525	574	0.94%	1.07%
Total	\$ 66,573	\$ 64,638	100.00%	100.00%	\$ 54,999	\$ 53,533	100.00%	100.00%

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 38.88% 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 \$11,433 million or 17.17% of governmental expenses.

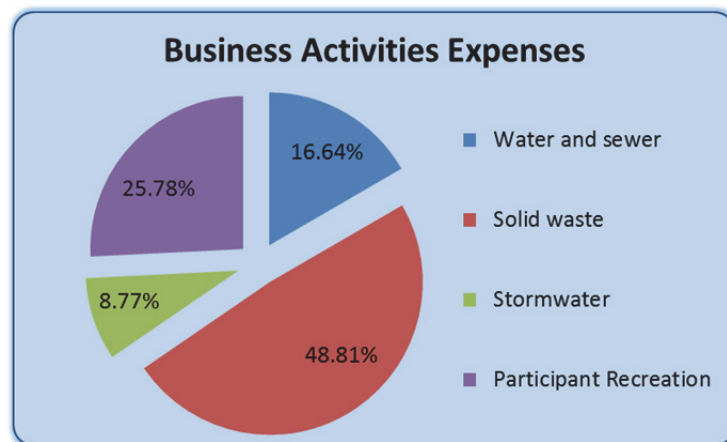
- The cost of all governmental activities this fiscal year was \$66,573,000 compared to \$64,638,000 in fiscal year 2013,
- The revenue amount that paid for most of these activities came from general revenues of the City such as property taxes, sales tax and business taxes (\$61,233,000),
- Some of the costs were paid by those who benefited directly from the programs (\$9,054,000) and subsidies from other governments and organizations through grants and/or contributions (\$2,520,000).



BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The cost of all Proprietary (Business Type) activities this fiscal year was \$18,571,000 as shown in Table 2 (Summary of Changes in Net Position), the amounts paid by the users of the systems were \$19,509,000 and additionally the business-type activities earned \$160,000 from idle cash. Within the total business-type activities of the City, these activities reported an increase in net position of \$1,488,000.



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 \$67,681,000. Of this year-end total, \$2,159,000 is unassigned indicating availability for continuing City service requirements. The City has adopted a 25 percent stabilization policy to retain in reserve an equivalent of 25% of the next years budgeting general fund expenditures less the budgeted general fund capital expenditures. Therefore, \$15,849,000 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 \$23,001,000. 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 5.66% of total general fund expenditures.

Total General Fund revenues were \$62,060,000, or a 7.30% increase from fiscal year 2013. Sales tax revenues increased in fiscal year 2014 by \$1,018,000. Revenue budget projections did not require significant adjustments during the fiscal year.

The Federal Grants Fund's ending fund balance was \$675,000, deficit. This is primarily a result of revenue recognition for unavailable revenues related to the year end intergovernmental receivables.

The Impact Fees Fund's ending fund balance reflects an increase of \$651,000 from prior year while the Debt Service Fund's ending fund balance reflects an increase of \$3,166,000. The major reason for an increase in the Impact Fee Fund's ending fund balance is increased development activity. The major reason for an increase in the Debt Service Fund is due to the schedule of principal payments.

The Capital Projects Fund reflects an ending fund balance decrease of \$2,126,000 from the prior year. The decrease in fund balance is due to project monies that were appropriated, in prior years, for specific projects being spent within the fiscal year.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Operating revenues were 2.47% below those in fiscal year 2013.

The Water and Sewer Fund's operating revenues are 0.99% above those in fiscal year 2013 and operating expenses were 7.97% more than prior year. The decrease in expenses is \$228,000 and is related to construction of new facilities.

The Solid Waste Fund's operating revenues are 2.51% less than those in fiscal year 2013 and operating expenses were 1.48% more than the prior year.

The Participant Recreation Fund's operating revenues were 2.10% lower when compared to the same time in fiscal year 2013. Operating expenses were 3.67% less than prior year.

The Storm Water Fund's operating revenues were 0.2% higher when compared to the same time in fiscal year 2013. Operating expenses were 6.90% more than prior year. The increase in expenses were related to full-time personnel and continued capital improvements.

Budgetary Highlights

The General Fund – The General Fund's final approved revenue budget for FY 2014 was \$60,116,553. The original approved revenue budget was \$59,466,553. The City collected \$1,943,276 above the approved revenue budget. The increase in collection compared to budget projection can be attributed to sales tax collection and Vehicle Title Tax.

The General Funds' final approved expenditure budget for FY 2014 was \$57,698,470. The original approved expenditure budget was \$55,794,177. The City expended 93.99% of the Amended Budget amount. The General Fund actual expenditures were \$3,464,803 less than budgeted. The difference in actual expenditures vs. budgeted is mainly a result of vacant positions.

Capital Assets and Debt Administration

Capital Assets - The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2014, was \$174,741,000 and \$20,321,000 respectively. The major changes to capital for FY14 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 \$2,098,000 in governmental activities,
- Construction in progress added \$2,888,000 in additions. Some of the major projects in CIP were:
 - Sidewalks and trails,
 - Parks and recreation, additions
 - Stormwater Utility.
- Machinery & Equipment added \$360,000 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	
	2014	2013	2014	2013	2014	2013
Non-depreciable assets:						
Land	\$ 42,103	\$ 41,899	\$ -	\$ -	\$ 42,103	\$ 41,899
Construction in Progress	13,281	16,191	2,630	2,510	15,911	18,701
Total non-depreciable assets	55,384	58,090	2,630	2,510	58,014	60,600
Depreciable assets:						
Land improvements	29,326	25,732	-	-	29,326	25,732
Buildings and plant	74,026	72,530	2,905	2,540	76,931	75,070
Machinery and equipment	13,823	12,088	2,281	2,207	16,104	14,295
Vehicles	18,433	16,449	4,479	4,708	22,912	21,157
Infrastructure	124,853	116,505	16,170	14,299	141,023	130,804
Total depreciable assets	260,461	243,304	25,835	23,754	286,296	267,058
Less accumulated depreciation:	140,104	132,944	8,144	7,696	148,248	140,640
Net book value-depreciated assets	120,357	110,360	17,691	16,058	138,048	126,418
Percentage depreciated	53.79%	54.64%	31.52%	32.40%	51.78%	52.66%
Total Capital Assets	\$ 175,741	\$ 168,450	\$ 20,321	\$ 18,568	\$ 196,062	\$ 187,018

At June 30, 2014, the depreciable capital assets for governmental activities were 53.79% depreciated. Note that the business-type activities are 31.52% depreciated.

Long-term Debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$18,359,000, 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, 2014 and 2013
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 17,760	\$ 13,765	\$ -	\$ -	\$ 17,760	\$ 13,765
Plus Premium	599	320	-	-	599	320
Claims payable	532	469	-	-	532	469
Compensated absences	1,846	1,684	298	278	2,144	1,962
Notes Payable	1,445	-	213	1,499	1,658	1,499
Total	\$ 22,182	\$ 16,238	\$ 511	\$ 1,777	\$ 22,693	\$ 18,015

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 “Roswell Inc”. This endeavor is an expansion of the Historic Roswell’s Convention and Visitors Bureau program of work to promote economic development for the area and promote public interest in the general improvement of business concerns and public perception in the area. The Bureau, through Roswell Inc, is to investigate, develop and make recommendations for improvement to economic development in the area.

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

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

Contacting the City’s Financial Management

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

CITY OF ROSWELL, GEORGIA

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 15,389,748	\$ 4,222,195	\$ 19,611,943
Investments	60,916,485	10,652,898	71,569,383
Receivables (net of allowance for uncollectibles)	1,903,472	3,274,943	5,178,415
Taxes receivable	2,428,296	-	2,428,296
Intergovernmental receivables	1,288,972	-	1,288,972
Internal balances	(594,816)	594,816	-
Inventories	123,031	-	123,031
Prepaid items	1,238,706	8,694	1,247,400
Capital assets, nondepreciable	55,383,441	2,630,050	58,013,491
Capital assets, depreciable, net of accumulated depreciation	119,358,134	17,690,903	137,049,037
Total assets	257,435,469	39,074,499	296,509,968
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	90,016	-	90,016
Total deferred outflows of resources	90,016	-	90,016
LIABILITIES			
Accounts payable	4,105,045	1,746,072	5,851,117
Accrued liabilities	2,162,799	95,976	2,258,775
Retainage payable	337,380	-	337,380
Customer deposits payable	-	865,148	865,148
Unearned revenue	-	471,563	471,563
Noncurrent liabilities due within one year			
Compensated absences payable	1,211,361	187,636	1,398,997
Capital leases	163,113	-	163,113
Bonds payable	5,365,000	-	5,365,000
Noncurrent liabilities due in more than one year			
Compensated absences payable	634,674	110,108	744,782
Capital leases	1,282,266	-	1,282,266
Note payable	-	213,096	213,096
Claims payable	531,534	-	531,534
Bonds payable	12,993,975	-	12,993,975
Total liabilities	28,787,147	3,689,599	32,476,746
NET POSITION			
Net investment in capital assets	166,282,272	20,107,857	186,390,129
Restricted for:			
Debt service	4,171,095	-	4,171,095
Environmental	38,604	-	38,604
Culture and recreation	2,926,971	-	2,926,971
Transportation	2,948,795	-	2,948,795
Public safety	4,170,303	-	4,170,303
Capital projects	12,920,335	-	12,920,335
Cemetery maintenance	52,585	-	52,585
Scholarship - nonexpendable	25,000	-	25,000
Scholarship - expendable	10,190	-	10,190
Unrestricted	35,192,188	15,277,043	50,469,231
Total net position	\$ 228,738,338	\$ 35,384,900	\$ 264,123,238

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
\$ 79,238	\$ 599,824	\$ 13,523	\$ 150,664
-	-	-	-
-	6,045	-	-
-	-	-	-
-	-	-	-
15,043	-	-	-
3,500	9,311	-	-
-	-	-	-
-	-	-	-
-	32,281	-	-
<u>97,781</u>	<u>647,461</u>	<u>13,523</u>	<u>150,664</u>
-	-	-	-
-	-	-	-
3,404	30,684	-	8,840
1,216	10,190	-	-
-	-	-	-
-	-	-	-
58,825	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>63,445</u>	<u>40,874</u>	<u>-</u>	<u>8,840</u>
-	32,281	-	-
-	-	-	-
-	-	-	-
-	574,306	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
34,336	-	13,523	141,824
<u>\$ 34,336</u>	<u>\$ 606,587</u>	<u>\$ 13,523</u>	<u>\$ 141,824</u>

CITY OF ROSWELL, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 9,448,298	\$ 3,065,637	\$ 23,529	\$ -
Judicial	1,265,145	1,702,297	-	-
Financial services	1,994,273	-	-	-
Public safety	25,880,942	2,031,460	114,640	-
Public works	11,432,788	697,322	524,914	1,709,499
Planning and zoning	3,260,183	1,454,429	118,862	-
Culture and recreation	12,767,001	103,249	28,868	-
Interest on long-term debt	525,005	-	-	-
Total governmental activities	66,573,635	9,054,394	810,813	1,709,499
Business-type activities:				
Water and sewer	3,090,948	3,250,074	-	-
Solid waste	9,063,559	8,635,724	-	-
Participant recreation	4,787,777	4,576,669	-	-
Stormwater	1,627,971	3,046,175	-	-
Total business-type activities	18,570,255	19,508,642	-	-
Total primary government	\$ 85,143,890	\$ 28,563,036	\$ 810,813	\$ 1,709,499
Component units:				
Friends of Bulloch, Inc.	\$ 187,401	\$ 161,118	\$ 12,776	\$ -
Historic Roswell Convention & Visitors Bureau	1,217,082	356,062	440,000	-
Development Authority	-	-	-	-
Downtown Development Authority	94,848	-	142,000	-
Total component units	\$ 1,499,331	\$ 517,180	\$ 594,776	\$ -
General revenues:				
Property taxes				
Sales and use taxes				
Hotel/motel taxes				
Business taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year, 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
\$ (6,359,132)	\$ -	\$ (6,359,132)	\$ -	\$ -	\$ -	\$ -
437,152	-	437,152	-	-	-	-
(1,994,273)	-	(1,994,273)	-	-	-	-
(23,734,842)	-	(23,734,842)	-	-	-	-
(8,501,053)	-	(8,501,053)	-	-	-	-
(1,686,892)	-	(1,686,892)	-	-	-	-
(12,634,884)	-	(12,634,884)	-	-	-	-
(525,005)	-	(525,005)	-	-	-	-
<u>(54,998,929)</u>	<u>-</u>	<u>(54,998,929)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	159,126	159,126	-	-	-	-
-	(427,835)	(427,835)	-	-	-	-
-	(211,108)	(211,108)	-	-	-	-
-	1,418,204	1,418,204	-	-	-	-
-	938,387	938,387	-	-	-	-
<u>(54,998,929)</u>	<u>938,387</u>	<u>(54,060,542)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(13,507)	-	-	-
-	-	-	-	(421,020)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	47,152
<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,507)</u>	<u>(421,020)</u>	<u>-</u>	<u>47,152</u>
31,239,131	-	31,239,131	-	-	-	-
22,834,734	-	22,834,734	-	-	-	-
874,776	-	874,776	-	497,282	-	-
5,578,174	-	5,578,174	-	-	-	-
587,135	160,404	747,539	-	-	10	89
-	27,647	27,647	-	-	-	-
118,735	-	118,735	8,583	-	-	-
(361,692)	361,692	-	-	-	-	-
<u>60,870,993</u>	<u>549,743</u>	<u>61,420,736</u>	<u>8,583</u>	<u>497,282</u>	<u>10</u>	<u>89</u>
5,872,064	1,488,130	7,360,194	(4,924)	76,262	10	47,241
222,866,274	33,896,770	256,763,044	39,260	530,325	13,513	94,583
<u>\$ 228,738,338</u>	<u>\$ 35,384,900</u>	<u>\$ 264,123,238</u>	<u>\$ 34,336</u>	<u>\$ 606,587</u>	<u>\$ 13,523</u>	<u>\$ 141,824</u>

CITY OF ROSWELL, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

ASSETS	General	Federal Grants	Impact Fees	Capital Projects
Cash and cash equivalents	\$ 1,713,150	\$ -	\$ 1,110,111	\$ 2,309,810
Investments	20,564,927	-	3,470,775	18,166,811
Receivables (net of allowance for uncollectibles)	1,445,259	-	7,398	19,188
Taxes receivable	2,309,714	-	-	-
Intergovernmental receivables	55	740,472	-	281,686
Due from other funds	1,032,195	-	-	-
Inventories	123,031	-	-	-
Prepaid items	689,394	-	-	297,231
Total assets	\$ 27,877,725	\$ 740,472	\$ 4,588,284	\$ 21,074,726
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,314,134	\$ 535,450	\$ 6,718	\$ 1,397,403
Accrued liabilities	1,718,079	83	-	-
Retainage payable	-	55,787	-	195,093
Due to other funds	-	225,755	-	-
Advances from other funds	1,119,013	-	-	-
Total liabilities	4,151,226	817,075	6,718	1,592,496
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	488,719	-	-	-
Unavailable revenue - other	236,563	-	-	-
Unavailable revenue - intergovernmental	-	598,563	-	-
Total deferred inflows of resources	725,282	598,563	-	-
FUND BALANCES				
Fund balances:				
Nonspendable:				
Prepays	689,394	-	-	297,231
Inventories	123,031	-	-	-
Permanent fund corpus	-	-	-	-
Restricted:				
Public safety	-	-	1,911,077	-
Culture and recreation	-	-	815,836	1,436,171
Environmental	-	-	-	-
Transportation	-	-	1,854,653	-
Cemetery maintenance	52,585	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Scholarship	-	-	-	-
Committed:				
Culture and recreation	-	-	-	-
Environmental	534,066	-	-	-
Stabilization	15,848,932	-	-	-
Promotion of tourism	213,000	-	-	-
Assigned:				
Capital projects	-	-	-	17,748,828
FY 2014 expenditures	1,833,554	-	-	-
General government	91,022	-	-	-
Financial services	6,970	-	-	-
Judicial	3,628	-	-	-
Planning and zoning	103,515	-	-	-
Public safety	198,453	-	-	-
Public works	110,098	-	-	-
Culture and recreation	159,293	-	-	-
Unassigned	3,033,676	(675,166)	-	-
Total fund balances	23,001,217	(675,166)	4,581,566	19,482,230
Total liabilities, deferred inflows of resources, and fund balances	\$ 27,877,725	\$ 740,472	\$ 4,588,284	\$ 21,074,726

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
\$ 1,049,542	\$ 7,557,372	\$ 13,739,985
2,992,557	10,249,161	55,444,231
17,692	401,180	1,890,717
118,582	-	2,428,296
-	266,759	1,288,972
-	-	1,032,195
-	-	123,031
-	20,142	1,006,767
<u>\$ 4,178,373</u>	<u>\$ 18,494,614</u>	<u>\$ 76,954,194</u>

\$ 7,278	\$ 745,699	\$ 4,006,682
-	25,448	1,743,610
-	86,500	337,380
-	191,355	417,110
-	-	1,119,013
<u>7,278</u>	<u>1,049,002</u>	<u>7,623,795</u>

49,617	-	538,336
-	9,257	245,820
-	266,759	865,322
<u>49,617</u>	<u>276,016</u>	<u>1,649,478</u>

-	20,142	1,006,767
-	-	123,031
-	25,000	25,000
-	2,259,226	4,170,303
-	674,964	2,926,971
-	38,604	38,604
-	986,537	2,841,190
-	-	52,585
4,121,478	-	4,121,478
-	12,920,335	12,920,335
-	10,190	10,190
-	187,408	187,408
-	246,760	780,826
-	-	15,848,932
-	-	213,000
-	-	17,748,828
-	-	1,833,554
-	-	91,022
-	-	6,970
-	-	3,628
-	-	103,515
-	-	198,453
-	-	110,098
-	-	159,293
-	(199,570)	2,158,940
<u>4,121,478</u>	<u>17,169,596</u>	<u>67,680,921</u>
<u>\$ 4,178,373</u>	<u>\$ 18,494,614</u>	

174,741,575

6,859,978

1,649,478

(22,193,614)

\$ 228,738,338

CITY OF ROSWELL, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Federal Grants</u>	<u>Impact Fees</u>	<u>Capital Projects</u>
Revenues:				
Taxes	\$ 55,355,445	\$ -	\$ -	\$ -
Licenses and permits	2,200,806	-	-	-
Intergovernmental	107,045	621,284	-	524,914
Fines and forfeitures	1,702,297	-	-	-
Charges for services	2,377,970	-	-	-
Impact fees	-	-	669,436	-
Investment earnings	173,335	-	14,015	238,657
Contributions	28,868	-	-	30,000
Miscellaneous	114,063	-	-	4,672
Total revenues	<u>62,059,829</u>	<u>621,284</u>	<u>683,451</u>	<u>798,243</u>
Expenditures:				
Current:				
General government	8,098,610	3,461	-	507,070
Judicial	1,167,233	-	-	-
Financial services	2,155,689	-	-	-
Public safety	22,185,949	14,084	-	-
Public works	7,345,995	27,466	12,722	848,575
Planning and zoning	2,955,748	-	-	200
Culture and recreation	9,444,088	-	-	-
Capital outlay	13,132	1,144,697	20,123	9,978,689
Debt service:				
Principal	194,243	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>53,560,687</u>	<u>1,189,708</u>	<u>32,845</u>	<u>11,334,534</u>
Excess (deficiency) of revenues over expenditures	8,499,142	(568,424)	650,606	(10,536,291)
Other financing sources (uses):				
Issuance of bonds	-	-	-	-
Premium on bonds	-	-	-	-
Proceeds from sale of capital assets	81,948	-	-	-
Issuance of capital leases	1,639,622	-	-	-
Transfers in	462,974	170,758	-	8,410,151
Transfers out	(8,950,235)	-	-	-
Total other financing sources (uses)	<u>(6,765,691)</u>	<u>170,758</u>	<u>-</u>	<u>8,410,151</u>
Net change in fund balances	1,733,451	(397,666)	650,606	(2,126,140)
Fund balances (deficit), beginning of year, as restated	<u>21,267,766</u>	<u>(277,500)</u>	<u>3,930,960</u>	<u>21,608,370</u>
Fund balances (deficit), end of year	<u>\$ 23,001,217</u>	<u>\$ (675,166)</u>	<u>\$ 4,581,566</u>	<u>\$ 19,482,230</u>

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

<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 4,314,041	\$ 874,776	\$ 60,544,262
-	-	2,200,806
-	1,040,163	2,293,406
-	137,503	1,839,800
-	1,979,328	4,357,298
-	-	669,436
58,212	102,916	587,135
-	-	58,868
-	103,249	221,984
<u>4,372,253</u>	<u>4,237,935</u>	<u>72,772,995</u>
-	-	8,609,141
-	-	1,167,233
-	-	2,155,689
-	2,024,265	24,224,298
-	-	8,234,758
-	172,706	3,128,654
-	1,069,563	10,513,651
-	3,452,238	14,608,879
945,000	-	1,139,243
261,155	161,222	422,377
<u>1,206,155</u>	<u>6,879,994</u>	<u>74,203,923</u>
3,166,098	(2,642,059)	(1,430,928)
-	4,940,000	4,940,000
-	351,178	351,178
-	12,105	94,053
-	-	1,639,622
-	-	9,043,883
-	(47,716)	(8,997,951)
<u>-</u>	<u>5,255,567</u>	<u>7,070,785</u>
3,166,098	2,613,508	5,639,857
955,380	14,556,088	62,041,064
<u>\$ 4,121,478</u>	<u>\$ 17,169,596</u>	<u>\$ 67,680,921</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, 2014

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

Net change in fund balances - total governmental funds	\$ 5,639,857
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.	6,395,922
The net effect of the sale of capital assets is to decrease net position.	(102,852)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	34,396
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.	(5,853,854)
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.	(227,448)
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>(13,957)</u>
Change in net position - governmental activities	<u>\$ 5,872,064</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, 2014

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 52,971,682	\$ 52,971,682	\$ 55,355,445	\$ 2,383,763
Licenses and permits	1,426,000	2,076,000	2,200,806	124,806
Intergovernmental	130,387	130,387	107,045	(23,342)
Fines and forfeitures	2,379,284	2,379,284	1,702,297	(676,987)
Charges for services	2,340,542	2,340,542	2,377,970	37,428
Investment earnings	150,000	150,000	173,335	23,335
Contributions	20,500	20,500	28,868	8,368
Miscellaneous	48,158	48,158	114,063	65,905
Total revenues	<u>59,466,553</u>	<u>60,116,553</u>	<u>62,059,829</u>	<u>1,943,276</u>
Expenditures:				
Current:				
Administration	8,941,258	9,321,166	8,189,632	1,131,534
Courts	1,515,029	1,248,567	1,170,861	77,706
Finance	2,290,887	2,385,875	2,162,660	223,215
Police	15,848,555	16,423,570	15,917,481	506,089
Fire	6,836,108	7,063,369	6,466,921	596,448
Transportation	7,602,592	7,804,125	7,456,093	348,032
Planning and zoning	2,837,449	3,264,092	3,059,263	204,829
Recreation and parks	9,721,299	9,986,706	9,603,381	383,325
Capital outlay	-	-	13,132	(13,132)
Debt service:				
Principal	201,000	201,000	194,243	6,757
Total expenditures	<u>55,794,177</u>	<u>57,698,470</u>	<u>54,233,667</u>	<u>3,464,803</u>
Excess of revenues over expenditures	3,672,376	2,418,083	7,826,162	5,408,079
Other financing sources (uses):				
Proceeds from sale of capital assets	62,000	62,000	81,948	19,948
Issuance of capital lease	-	1,639,622	1,639,622	-
Transfers in	-	462,974	462,974	-
Transfers out	(5,969,700)	(8,950,235)	(8,950,235)	-
Total other financing sources (uses)	<u>(5,907,700)</u>	<u>(6,785,639)</u>	<u>(6,765,691)</u>	<u>19,948</u>
Net change in fund balances (budgetary basis)	<u>\$ (2,235,324)</u>	<u>\$ (4,367,556)</u>	1,060,471	<u>\$ 5,428,027</u>
Less outstanding encumbrances, June 30			<u>672,980</u>	
Net change in fund balances (GAAP basis)			1,733,451	
Fund balance, beginning			21,267,766	
Fund balance, ending			<u>\$ 23,001,217</u>	

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

**CITY OF ROSWELL, GEORGIA
FEDERAL GRANTS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 6,992,828	\$ 7,006,223	\$ 621,284	\$ (6,384,939)
Total revenues	<u>6,992,828</u>	<u>7,006,223</u>	<u>621,284</u>	<u>(6,384,939)</u>
Expenditures:				
Current:				
General government	26,506	26,506	3,461	23,045
Public safety	25,636	14,025	14,084	(59)
Public works	574,465	772,465	730,914	41,551
Planning and zoning	65,849	61,022	-	61,022
Capital outlay	4,665,387	4,607,065	1,144,697	3,462,368
Total expenditures	<u>5,357,843</u>	<u>5,481,083</u>	<u>1,893,156</u>	<u>3,587,927</u>
Deficiency of revenues over expenditures	1,634,985	1,525,140	(1,271,872)	(2,797,012)
Other financing sources (uses):				
Transfers in	109,396	109,396	170,758	61,362
Transfers out	(479,810)	(479,810)	-	479,810
Total other financing sources (uses)	<u>(370,414)</u>	<u>(370,414)</u>	<u>170,758</u>	<u>541,172</u>
Net change in fund balances (budgetary basis)	<u>\$ 1,264,571</u>	<u>\$ 1,154,726</u>	(1,101,114)	<u>\$ (2,255,840)</u>
Less outstanding encumbrances, June 30			<u>703,448</u>	
Net change in fund balances (GAAP basis)			(397,666)	
Fund balance (deficit), beginning			<u>(277,500)</u>	
Fund balance (deficit), ending			<u>\$ (675,166)</u>	

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

CITY OF ROSWELL, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2014

ASSETS	Water and Sewer	Solid Waste	Participant Recreation	Stormwater
Current assets:				
Cash	\$ 977,127	\$ -	\$ 2,393,430	\$ 851,638
Investments	725,924	8,738,734	433,511	754,729
Receivables (net of allowance for uncollectibles)	1,318,473	1,575,021	4,163	377,286
Due from other funds	9	-	-	-
Prepaid items	3,541	472	4,471	210
Total current assets	3,025,074	10,314,227	2,835,575	1,983,863
Noncurrent assets:				
Capital assets:				
Capital assets, not being depreciated	2,594,951	549	34,550	-
Capital assets, being depreciated	17,340,170	5,429,925	865,454	2,199,647
Less accumulated depreciation	(5,419,878)	(2,441,641)	(186,946)	(95,828)
Advances to other funds	-	1,119,013	-	-
Total noncurrent assets	14,515,243	4,107,846	713,058	2,103,819
Total assets	17,540,317	14,422,073	3,548,633	4,087,682
LIABILITIES				
Current liabilities:				
Accounts payable	1,169,596	378,963	147,829	49,684
Accrued expenses	20,840	42,656	20,059	12,421
Customer deposits payable	714,977	76,125	74,046	-
Due to other funds	-	476,176	138,918	-
Unearned revenue	-	-	471,563	-
Compensated absences, current	38,521	79,583	47,379	22,153
Total current liabilities	1,943,934	1,053,503	899,794	84,258
Long-term liabilities:				
Compensated absences	22,337	51,551	25,902	10,318
Notes payable, long term	213,096	-	-	-
Total long-term liabilities	235,433	51,551	25,902	10,318
Total liabilities	2,179,367	1,105,054	925,696	94,576
NET POSITION				
Net investment in capital assets	14,302,147	2,988,833	713,058	2,103,819
Unrestricted	1,058,803	10,328,186	1,909,879	1,889,287
Total net position	\$ 15,360,950	\$ 13,317,019	\$ 2,622,937	\$ 3,993,106

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>
\$ 4,222,195	\$ 1,649,763
10,652,898	5,472,254
3,274,943	12,755
9	-
8,694	231,939
<u>18,158,739</u>	<u>7,366,711</u>
2,630,050	-
25,835,196	-
(8,144,293)	-
1,119,013	-
<u>21,439,966</u>	<u>-</u>
<u>39,598,705</u>	<u>7,366,711</u>
1,746,072	98,363
95,976	280,699
865,148	-
615,094	-
471,563	-
187,636	22,047
<u>3,981,489</u>	<u>401,109</u>
110,108	14,736
213,096	-
<u>323,204</u>	<u>14,736</u>
<u>4,304,693</u>	<u>415,845</u>
20,107,857	-
15,186,155	6,950,866
<u>35,294,012</u>	<u>\$ 6,950,866</u>
90,888	
<u>\$ 35,384,900</u>	

CITY OF ROSWELL, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Water and Sewer	Solid Waste	Participant Recreation	Stormwater
OPERATING REVENUES				
Charges for services				
Water sales	\$ 2,853,799	\$ -	\$ -	\$ -
Sewer sales	273,694	-	-	-
Sanitation sales	-	8,318,587	-	-
Stormwater sales	-	-	-	3,046,175
Other fees	120,835	28,620	4,576,669	-
Other operating income	1,746	288,517	-	-
Total operating revenues	<u>3,250,074</u>	<u>8,635,724</u>	<u>4,576,669</u>	<u>3,046,175</u>
OPERATING EXPENSES				
Personnel services and benefits	1,296,604	3,104,918	3,106,773	764,608
Purchased contract services	308,812	3,828,693	715,942	-
Supplies and maintenance	905,126	1,774,285	931,416	785,919
Utilities	76,906	11,279	-	-
Depreciation	501,712	378,160	46,979	86,620
Total operating expenses	<u>3,089,160</u>	<u>9,097,335</u>	<u>4,801,110</u>	<u>1,637,147</u>
Operating income (loss)	160,914	(461,611)	(224,441)	1,409,028
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses)	21,827	109,584	21,380	7,613
Gain on disposal of capital assets	9,425	18,222	-	-
Interest expense	(16,114)	-	-	-
Total nonoperating revenues (expenses)	<u>15,138</u>	<u>127,806</u>	<u>21,380</u>	<u>7,613</u>
INCOME (LOSS) BEFORE TRANSFERS	176,052	(333,805)	(203,061)	1,416,641
Transfers in	50,000	-	610,752	-
Transfers out	-	(94,710)	-	(204,350)
Total transfers	<u>50,000</u>	<u>(94,710)</u>	<u>610,752</u>	<u>(204,350)</u>
Change in net position	226,052	(428,515)	407,691	1,212,291
NET POSITION, beginning of year	<u>15,134,898</u>	<u>13,745,534</u>	<u>2,215,246</u>	<u>2,780,815</u>
NET POSITION, end of year	<u>\$ 15,360,950</u>	<u>\$ 13,317,019</u>	<u>\$ 2,622,937</u>	<u>\$ 3,993,106</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>
\$ 2,853,799	\$ -
273,694	-
8,318,587	-
3,046,175	-
4,726,124	9,295,844
290,263	8,177
<u>19,508,642</u>	<u>9,304,021</u>
8,272,903	-
4,853,447	8,867,268
4,396,746	-
88,185	-
1,013,471	-
<u>18,624,752</u>	<u>8,867,268</u>
883,890	436,753
160,404	27,525
27,647	-
(16,114)	-
<u>171,937</u>	<u>27,525</u>
1,055,827	464,278
660,752	112,244
(299,060)	(519,868)
<u>361,692</u>	<u>(407,624)</u>
1,417,519	56,654
<u>33,876,493</u>	<u>6,894,212</u>
<u>\$ 35,294,012</u>	<u>\$ 6,950,866</u>
\$ 70,611	
<u>\$ 1,488,130</u>	

CITY OF ROSWELL, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Water and Sewer	Solid Waste	Participant Recreation	Stormwater
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,077,716	\$ 8,759,113	\$ 4,615,895	\$ 3,048,587
Payments to suppliers and service providers	(1,499,999)	(6,181,754)	(2,220,762)	(926,460)
Payments to employees	(1,292,893)	(3,094,975)	(3,189,317)	(766,083)
Net cash provided by (used in) operating activities	284,824	(517,616)	(794,184)	1,356,044
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	-	-
Sale of investments	1,996,078	146,373	585,374	498,920
Interest received	7,440	-	-	7,613
Net cash provided by (used in) investing activities	2,003,518	146,373	585,374	506,533
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(1,306,401)	(215,241)	(231,127)	(1,052,237)
Proceeds from sale of capital assets	9,425	56,963	-	-
Proceeds from issuance of note payable	213,096	-	-	-
Principal payment on notes payable	(1,498,999)	-	-	-
Interest and fiscal charges paid	(20,910)	-	-	-
Net cash used in capital and related financing activities	(2,603,789)	(158,278)	(231,127)	(1,052,237)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	50,000	-	610,752	-
Transfers out	-	(94,710)	-	(204,350)
Net cash provided by (used in) noncapital financing activities	50,000	(94,710)	610,752	(204,350)
Increase (decrease) in cash	(265,447)	(624,231)	170,815	605,990
Cash:				
Beginning of year	1,242,574	624,231	2,222,615	245,648
End of year	<u>\$ 977,127</u>	<u>\$ -</u>	<u>\$ 2,393,430</u>	<u>\$ 851,638</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 160,914	\$ (461,611)	\$ (224,441)	\$ 1,409,028
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	501,712	378,160	46,979	86,620
(Increase) decrease in accounts receivable	(172,349)	123,389	(1,428)	2,412
Increase in due from other funds	(9)	(1,119,013)	-	-
(Increase) decrease in prepaid expenses	7,361	(362)	(1,809)	40
Increase (decrease) in accounts payable	(238,410)	330	(18,076)	(136,470)
Increase (decrease) in accrued expenses	1,410	(2,275)	(89,969)	860
Increase in customer deposits payable	23,998	76,125	1,765	-
Increase in unearned revenue	-	-	38,889	-
Increase (decrease) in due to other funds	(2,104)	475,423	(553,519)	(4,111)
Increase (decrease) in compensated absences	2,301	12,218	7,425	(2,335)
Net cash provided by (used in) operating activities	<u>\$ 284,824</u>	<u>\$ (517,616)</u>	<u>\$ (794,184)</u>	<u>\$ 1,356,044</u>
NONCASH INVESTING ACTIVITIES				
Increase in fair value of investments	<u>\$ 15,054</u>	<u>\$ -</u>	<u>\$ 20,139</u>	<u>\$ -</u>

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

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 19,501,311	\$ 9,304,935
(10,828,975)	(8,839,768)
<u>(8,343,268)</u>	<u>-</u>
329,068	465,167
-	(2,736,583)
3,226,745	-
<u>15,053</u>	<u>20,241</u>
3,241,798	(2,716,342)
(2,805,006)	-
66,388	-
213,096	-
(1,498,999)	-
<u>(20,910)</u>	<u>-</u>
(4,045,431)	-
660,752	112,244
<u>(299,060)</u>	<u>(519,868)</u>
361,692	(407,624)
(112,873)	(2,658,799)
4,335,068	4,308,562
<u>\$ 4,222,195</u>	<u>\$ 1,649,763</u>
\$ 883,890	\$ 436,753
1,013,471	-
(47,976)	914
(1,119,022)	-
5,230	4,317
(392,626)	7,974
(89,974)	(21,539)
101,888	-
38,889	-
(84,311)	(35)
<u>19,609</u>	<u>36,783</u>
<u>\$ 329,068</u>	<u>\$ 465,167</u>
<u>\$ 35,193</u>	<u>\$ -</u>

CITY OF ROSWELL, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 **Federal Grants Fund** accounts for the expenditures and restricted resources of federally funded grants of the City.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budget

Annual appropriated budgets are adopted for all funds, except capital project funds, which have project length budgets and the permanent fund, for which a budget is not adopted. The governmental fund budgets are adopted on a budgetary basis, which includes encumbrances at year end as budgetary expenditures. Enterprise fund budgets are adopted on a budgetary basis, which includes encumbrances at year end as budgetary expenses and the inflows from the issuance of debt as financing sources and related outflows as capital expenses. All appropriations lapse at fiscal year end. Encumbered appropriations are carried forward to the subsequent year automatically with no formal action required by the City Council. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is employed by the City.

The following encumbrances were outstanding as of June 30, 2014:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 672,980
Federal Grants Fund	703,448
Impact Fees Fund	23,024
Capital Projects Fund	5,295,765
Water & Sewer Fund	16,658,892
Solid Waste Fund	177,461
Participation Recreation Fund	76,676
Stormwater Fund	40,367
Nonmajor governmental funds	756,099
	<u>\$ 24,404,712</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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables

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

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

G. Inventories and Prepaid Items

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

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

H. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

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

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

I. Deferred Outflows / Inflows of Resources

In addition to 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 has one item that qualifies for reporting in this category. The item, deferred charges on refunding, is reported in the government-wide statement of net position. Deferred charges on refunding result 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 that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies for reporting in this category, which only arises under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes and intergovernmental revenues as these amounts are deferred and will be recognized as inflow of resources in the period in which the amounts become available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

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

K. Long-Term Obligations

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

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

L. Fund Equity

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

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

Fund balances are classified as follows:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

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

Committed – Fund balances are reported as committed when they include amounts that can be used only for the specific purposes determined by a formal action (i.e. resolution) of the City Council. The City Council passed an ordinance under which the City's General Fund is to maintain stabilization funds equal to 25% of budgeted expenditures. Expenditure of these funds can only be used to strengthen the City's position in response to self insurance should cash position in the respective internal service fund be inadequate to pay claims due, or provide funds in the event of natural disaster or terrorist attack and require prior approval by the City Council.

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

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

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 is available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 \$22,193,614 difference are as follows:

Bonds payable	\$ (17,760,000)
Unamortized premiums	(598,975)
Deferred charges on refundings	90,016
Capital leases payable	(1,445,379)
Claims payable	(531,534)
Accrued interest	(138,490)
Compensated absences	<u>(1,809,252)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (22,193,614)</u></u>

NOTES TO FINANCIAL STATEMENTS

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

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

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 \$6,395,922 difference are as follows:

Capital outlay	\$ 14,090,185
Depreciation expense	<u>(7,694,263)</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>\$ 6,395,922</u>

Another element of the reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$5,853,854 difference are as follows:

Principal repayment on bonds	\$ 945,000
Additional claims payable	(62,297)
Issuance of debt	(4,940,000)
Premium from issuance of debt	(351,178)
Issuance of capital lease	(1,639,622)
Principal payment on capital lease	<u>194,243</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>\$ (5,853,854)</u>

NOTES TO FINANCIAL STATEMENTS

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

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

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 \$227,448 difference are as follows:

Compensated absences	\$ (124,820)
Amortization	(62,600)
Accrued interest	<u>(40,028)</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>\$ (227,448)</u></u>

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgets and Budgetary Accounting

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

Deficit Fund Equity

The following funds had deficit fund balances at June 30, 2014. The fund deficits will be reduced through anticipated revenues, recognition of unavailable revenues, and General Fund appropriations, as needed.

Fund	Deficit
Federal Grants	\$ 675,166
American Stimulus Recovery Grants	37,671
CDBG Grants	158,073

Excess Expenditures Over Appropriations

For the year ended June 30, 2014 expenditures exceeded the budget in the funds and General Fund departments as follows:

Fund/Department	Excess
General Fund:	
Capital outlay	\$ 13,132
Soil Erosion Fund	41
Hotel Motel Tax Fund	237
Debt Service Fund	207

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

Budgeted Deficits

The following special revenue funds had original and/or final amended budgets for the year ended June 30, 2014 that anticipated using more fund balance than was available, thereby creating an unbalanced budget, which is in violation of state law. The table below shows the original and final amended anticipated use of fund balance which was budgeted in the affected funds, as well as the fund balance (deficit) as of July 1, 2013.

Fund	Original Budget	Final Budget	Available Fund Balance (Deficit)
State Grants	\$ (946,249)	\$ (946,249)	\$ 417,479
CDBG Grants	-	(92,314)	(104,229)

NOTES TO FINANCIAL STATEMENTS

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 AAAf 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, 2014, the City considers amounts held in Georgia Fund 1 as investments for financial statement presentation.

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, 2014, the City's bank balances were collateralized as defined by State statutes.

At June 30, 2014, 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	\$ 25,110	N/A	N/A	0.25
Certificates of deposit	6,778,975	N/A	N/A	1.27
Federal Home Loan Bank	9,543,909	AAA	N/A	1.36
Federal Home Loan Mortgage Corp.	7,949,707	AAA	N/A	1.44
Federal National Mortgage Assn.	18,811,927	AAA	N/A	1.37
Federal Farm Credit Bank	5,902,329	AAA	N/A	1.39
Georgia Fund 1	22,557,426	AAAf	S&P	0.12
	<u>\$ 71,569,383</u>			

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

NOTE 5. RECEIVABLES

A. Primary Government

Receivables at June 30, 2014, for the City's individual major funds and nonmajor funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Federal Grants Fund</u>	<u>Impact Fees Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>
Receivables:					
Taxes	\$ 2,630,709	\$ -	\$ -	\$ -	\$ 177,927
Other governments	55	740,472	-	281,686	-
Accounts	1,445,259	-	7,398	19,188	17,692
Gross receivables	<u>4,076,023</u>	<u>740,472</u>	<u>7,398</u>	<u>300,874</u>	<u>195,619</u>
Less allowance for uncollectibles	(320,995)	-	-	-	(59,345)
Net receivables	<u>\$ 3,755,028</u>	<u>\$ 740,472</u>	<u>\$ 7,398</u>	<u>\$ 300,874</u>	<u>\$ 136,274</u>
	<u>Water & Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Participant Recreation Fund</u>	<u>Stormwater Fund</u>	<u>Nonmajor Governmental Funds</u>
Receivables:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other governments	-	-	-	-	266,759
Accounts	1,469,738	1,831,364	4,163	434,804	401,180
Gross receivables	<u>1,469,738</u>	<u>1,831,364</u>	<u>4,163</u>	<u>434,804</u>	<u>667,939</u>
Less allowance for uncollectibles	(151,265)	(256,343)	-	(57,518)	-
Net receivables	<u>\$ 1,318,473</u>	<u>\$ 1,575,021</u>	<u>\$ 4,163</u>	<u>\$ 377,286</u>	<u>\$ 667,939</u>

Property taxes for the 2014 fiscal year were levied in September 2013, with property values assessed as of January 1, 2013. Bills are payable on or before December 16, 2013, 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, 2014 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	\$ 41,898,523	\$ 204,140	\$ -	\$ -	\$ 42,102,663
Construction in progress	16,190,630	4,995,639	-	(7,905,491)	13,280,778
Total capital assets, not being depreciated	<u>58,089,153</u>	<u>5,199,779</u>	<u>-</u>	<u>(7,905,491)</u>	<u>55,383,441</u>
Capital assets, being depreciated:					
Land improvements	25,731,781	3,035,936	-	558,550	29,326,267
Buildings and improvements	72,529,796	747,371	-	749,100	74,026,267
Machinery and equipment	12,087,694	774,278	(38,525)	-	12,823,447
Vehicles	16,449,005	2,582,583	(599,099)	-	18,432,489
Infrastructure	116,505,486	1,750,238	-	6,597,841	124,853,565
Total capital assets, being depreciated	<u>243,303,762</u>	<u>8,890,406</u>	<u>(637,624)</u>	<u>7,905,491</u>	<u>259,462,035</u>
Less accumulated depreciation for:					
Land improvements	10,613,927	988,253	-	-	11,602,180
Buildings and improvements	34,339,525	1,867,373	-	-	36,206,898
Machinery and equipment	6,274,271	949,729	(38,525)	-	7,185,475
Vehicles	9,228,114	1,256,702	(496,247)	-	9,988,569
Infrastructure	72,488,573	2,632,206	-	-	75,120,779
Total accumulated depreciation	<u>132,944,410</u>	<u>7,694,263</u>	<u>(534,772)</u>	<u>-</u>	<u>140,103,901</u>
Total capital assets, being depreciated, net	<u>110,359,352</u>	<u>1,196,143</u>	<u>(102,852)</u>	<u>7,905,491</u>	<u>119,358,134</u>
Governmental activities capital assets, net	<u>\$ 168,448,505</u>	<u>\$ 6,395,922</u>	<u>\$ (102,852)</u>	<u>\$ -</u>	<u>\$ 174,741,575</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	\$ 2,510,416	\$ 1,238,202	\$ -	\$ (1,118,568)	\$ 2,630,050
Total capital assets, not being depreciated	<u>2,510,416</u>	<u>1,238,202</u>	<u>-</u>	<u>(1,118,568)</u>	<u>2,630,050</u>
Capital assets, being depreciated:					
Buildings and improvements	2,540,006	183,879	-	180,926	2,904,811
Machinery and equipment	2,206,687	94,658	(20,125)	-	2,281,220
Vehicles	4,707,832	335,779	(564,415)	-	4,479,196
Infrastructure	14,298,876	952,488	(19,037)	937,642	16,169,969
Total capital assets, being depreciated	<u>23,753,401</u>	<u>1,566,804</u>	<u>(603,577)</u>	<u>1,118,568</u>	<u>25,835,196</u>
Less accumulated depreciation for:					
Buildings and improvements	340,411	62,748	-	-	403,159
Machinery and equipment	817,993	116,524	(20,125)	-	914,392
Vehicles	2,593,739	390,282	(525,674)	-	2,458,347
Infrastructure	3,943,515	443,917	(19,037)	-	4,368,395
Total accumulated depreciation	<u>7,695,658</u>	<u>1,013,471</u>	<u>(564,836)</u>	<u>-</u>	<u>8,144,293</u>
Total capital assets, being depreciated, net	<u>16,057,743</u>	<u>553,333</u>	<u>(38,741)</u>	<u>1,118,568</u>	<u>17,690,903</u>
Business-type activities capital assets, net	<u>\$ 18,568,159</u>	<u>\$ 1,791,535</u>	<u>\$ (38,741)</u>	<u>\$ -</u>	<u>\$ 20,320,953</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	\$ 817,821
Judicial	148,656
Public safety	1,499,793
Public works	3,013,954
Planning and zoning	110,616
Culture and recreation	2,103,423
Total depreciation expense - governmental activities	<u>\$ 7,694,263</u>

Business-type activities:

Water and Sewer Fund	\$ 501,712
Solid Waste Fund	378,160
Participant Recreation Fund	46,979
Stormwater Fund	86,620
Total depreciation expense - business-type activities	<u>\$ 1,013,471</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	\$ 92,269	\$ 17,098	\$ (1,025)	\$ 108,342
Total	<u>92,269</u>	<u>17,098</u>	<u>(1,025)</u>	<u>108,342</u>
Less accumulated depreciation for:				
Machinery and equipment	(66,785)	(10,301)	1,025	(76,061)
Total	<u>(66,785)</u>	<u>(10,301)</u>	<u>1,025</u>	<u>(76,061)</u>
Total capital assets, being depreciated, net	<u>\$ 25,484</u>	<u>\$ 6,797</u>	<u>\$ -</u>	<u>\$ 32,281</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2014, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Federal Grant Fund	\$ 225,755
General Fund	Participation Recreation Fund	138,918
General Fund	Solid Waste Fund	476,176
General Fund	Nonmajor Governmental Funds	191,346
Water and Sewer Fund	Nonmajor Governmental Funds	9
		<u>\$ 1,032,204</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.

Advances to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Solid Waste Fund	General Fund	\$ 1,119,013

In 2014 the Solid Waste fund loaned the General Fund \$1,119,103 for operational purposes; the General Fund will repay the balances over a period greater than one year and are appropriately reported as long-term advances.

Interfund transfers for the year ended June 30, 2014 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Internal Service Funds	\$ 462,974
Capital Projects Fund	General Fund	8,362,435
Capital Projects Fund	Nonmajor Governmental Funds	47,716
Federal Grants Fund	General Fund	16,408
Federal Grants Fund	Stormwater Fund	154,350
Water and Sewer Fund	Stormwater Fund	50,000
Participant Recreation Fund	General Fund	571,392
Participant Recreation Fund	Internal Service Funds	39,360
Internal Service Funds	Solid Waste Fund	94,710
Internal Service Funds	Internal Service Funds	17,534

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, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 13,765,000	\$ 4,940,000	\$ (945,000)	\$ 17,760,000	\$ 5,365,000
Plus: Premiums	<u>320,221</u>	<u>351,178</u>	<u>(72,424)</u>	<u>598,975</u>	<u>-</u>
Total bonds payable	14,085,221	5,291,178	(1,017,424)	18,358,975	5,365,000
Capital lease payable	-	1,639,622	(194,243)	1,445,379	163,113
Compensated absences	1,684,432	1,797,105	(1,635,502)	1,846,035	1,211,361
Claims payable	<u>469,237</u>	<u>62,297</u>	<u>-</u>	<u>531,534</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 16,238,890</u>	<u>\$ 8,790,202</u>	<u>\$ (2,847,169)</u>	<u>\$ 22,181,923</u>	<u>\$ 6,739,474</u>
Business-type Activities:					
Note payable	\$ 1,498,999	\$ 213,096	\$ (1,498,999)	\$ 213,096	\$ -
Compensated absences	<u>278,135</u>	<u>145,501</u>	<u>(125,892)</u>	<u>297,744</u>	<u>187,636</u>
Business-type activities long-term liabilities	<u>\$ 1,777,134</u>	<u>\$ 358,597</u>	<u>\$ (1,624,891)</u>	<u>\$ 510,840</u>	<u>\$ 187,636</u>

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

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>
2015	<u>\$ 4,005,000</u>	<u>\$ 140,175</u>	<u>\$ 4,145,175</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
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	975,000	93,388	1,068,388
2020 - 2023	4,060,000	205,000	4,265,000
Total	<u>\$ 8,815,000</u>	<u>\$ 783,665</u>	<u>\$ 9,598,665</u>

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

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

Year ending June 30,	Principal	Interest	Total
2015	\$ 430,000	\$ 100,374	\$ 530,374
2016	435,000	121,850	556,850
2017	445,000	113,150	558,150
2018	465,000	104,250	569,250
2019	475,000	94,950	569,950
2020 - 2024	2,690,000	247,500	2,937,500
Total	<u>\$ 4,940,000</u>	<u>\$ 782,074</u>	<u>\$ 5,722,074</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Refunded Bonds. In fiscal year 2008, the City issued \$15,975,000 of 2008 General Obligation Refunding Bonds to refund the 2000 General Obligation Bonds. The City defeased the 2000 bonds by placing the proceeds of the new bonds in an irrevocable trust to provide resources for all future debt service payments on the old bonds. Accordingly, the trust account and related debt for the defeased bonds are not included in the City's financial statements. At June 30, 2014, \$6,945,000 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. As of June 30, 2014, the loan has a balance of \$213,096 and is still in the drawdown phase, therefore a future payment schedule has not been established.

Capital Leases Payable. The City has entered into a lease-purchase agreement to finance the acquisition of two public safety vehicles. The leases are for periods of seven to ten years, at interest rates ranging from 1.8% to 2.4% annually. As of June 30, 2014, the City had \$1,374,589 of vehicles, with associated accumulated depreciation of \$33,057 financed under the capital leases. The annual amortization of the leased assets is included in depreciation expense for capital assets.

As of June 30, 2014 the future lease payments for the capital leases are as follows:

Year Ending June 30,		
2015	\$	194,243
2016		194,243
2017		194,243
2018		194,243
2019		194,243
2020-2023		626,273
Total minimum lease payments		<u>1,597,488</u>
Less amount representing interest		152,109
Present value of future minimum lease payments	\$	<u><u>1,445,379</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

Plan Description

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

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

At January 1, 2014, the date of the most recent actuarial valuation, there were 937 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	188
Terminated vested participants not yet receiving benefits	260
Active employees - vested	426
Active employees - nonvested	63
Total	<u>937</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For the year ended June 30, 2014, the actuarially determined contribution rate was 15.12% of covered payroll. The City makes all contributions to the plan.

For the year ended June 30, 2014, the City's recommended contribution was \$3,933,959. Actual contributions totaled \$3,933,959. The recommended contribution was determined as part of the January 1, 2013 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)
1/1/2014	\$ 60,908,909	\$ 70,344,322	\$ 9,435,413	86.6%	\$ 23,744,082	39.7%

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, 2014.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Employer Contributions

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 3,933,959	\$ 3,933,959	100.0 %	\$ -
2013	3,919,588	3,919,588	100.0	-
2012	3,791,000	3,791,000	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, 2014, there were 330 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 293 employees. Total employer and employee contributions for the year ended June 30, 2014 were \$152,691 and \$855,831 respectively.

During the year ended June 30, 2014, the City adopted a second deferred compensation plan for employees hired after March 1, 2011. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. The Plan is funded through employer and employee contributions. Plan provisions and contribution requirements are established and may be amended by the City's Mayor and Council. At June 30, 2014, there were 115 plan members.

Employees are not required to contribute to the Plan. The City contributes 10% of each employee's compensation each pay period and will match up to an additional 5% of contributions made by the employee. Total employer and employee contributions for the year ended June 30, 2014 were \$318,318 and \$87,353 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>
2014	\$ 291,125	\$ 389,074	\$ 411,831	\$ 268,368
2013	355,170	333,120	397,165	291,125

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.

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.

NOTES TO FINANCIAL STATEMENTS

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 rising 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.

NOTE 13. JOINT VENTURES

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

In July 2013 the cities of Alpharetta, Milton, Roswell, and Sandy Springs created the North Fulton Regional Radio System Authority (the "Authority"), which was established by Georgia House Bill 526. The Authority will provide an interoperable, high quality, and reliable and uninterrupted communication signal for public safety and public services within the area in which the Authority has operational capability. The Authority's Board membership includes the City Manager or City Administrator, or his or her designee, from each participating city. The Authority was created by the cities contributing a pre-determined capital amount necessary to fund the construction and equipping of the radio system. In accordance with GASB 14: *The Financial Reporting Entity*, the Authority was determined to be a joint venture; however, the City does not have an equity interest in the joint venture. Of the estimated \$16 million required to initially capitalize the Authority, the City of Roswell is responsible for approximately \$5.1 million pursuant to the intergovernmental agreement between the cities. For the fiscal year ended June 30, 2014, the City of Roswell contributed \$96,000 to the Authority. Separate financial statements may be obtained from the City of Sandy Springs, who has been contracted by the Authority to serve as the accountants, at 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. HOTEL/MOTEL TAX

The City has levied a 6% lodging tax. During the year ended June 30, 2014, the City collected \$874,776 in revenues. The current year expenditures of \$975,918 or 112% of current year revenues, including the utilization of fund balance, were expended on the promotion of tourism in accordance with the provisions of O.C.G.A. 48-13-51.

NOTE 15. RESTATEMENTS

The City has determined that a restatement to beginning equity of the Capital Projects Fund and Governmental Activities is required to recognize the effect of a receivable that was omitted in the prior year. The adjustment resulted in a change to beginning fund balance of the Capital Projects Fund and net position of Governmental Activities as follows:

	Governmental Activities
Net position, as previously reported	\$ 222,141,594
Adjustment for receivable omitted in the prior year	724,680
Net position, as restated	\$ 222,866,274
	Capital Projects Fund
Fund balance, as previously reported	\$ 20,883,690
Adjustment for receivable omitted in the prior year	724,680
Fund balance, as restated	\$ 21,608,370

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, 2014	\$ 60,908,909	\$ 70,344,322	\$ 9,435,413	86.6%	\$ 23,744,082	39.7%
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%

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

Capital Projects Funds

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

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

2013 Bond Fund - to account for the proceeds of the 2013 General Obligation Bond Issue. The revenue in this fund must be used for the acquisition and construction of major capital projects specifically identified in the bond issue.

2014 Bond Fund - to account for the proceeds of the 2014 General Obligation Bond Issue. The revenue in this fund must be used for the acquisition and construction of major capital projects specifically identified in the bond issue.

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, 2014

ASSETS	Special Revenue Funds					
	Confiscated Assets	Emergency 911 Telephone System	State Grants	County/Local Grants	American Stimulus Recovery Grants	CDBG Grants
Cash and cash equivalents	\$ 130,158	\$ 570,708	\$ 1,044,828	\$ 5,068	\$ 27,578	\$ -
Investments	492,732	1,000,643	-	-	-	-
Receivables, net of allowance for uncollectibles	5,790	266,384	-	-	-	32,575
Intergovernmental receivable	-	-	107,605	-	-	159,154
Prepaid items	4,896	9,862	-	-	-	3,826
Total assets	\$ 633,576	\$ 1,847,597	\$ 1,152,433	\$ 5,068	\$ 27,578	\$ 195,555
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 142,296	\$ 49,968	\$ 28,166	\$ -	\$ 65,249	\$ 2,673
Accrued liabilities	1,345	18,648	-	-	-	455
Retainage payable	-	-	30,125	-	-	-
Due to other funds	-	-	-	-	-	191,346
Total liabilities	143,641	68,616	58,291	-	65,249	194,474
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - intergovernmental	-	-	107,605	-	-	159,154
Unavailable revenue - other	-	-	-	-	-	-
Total deferred inflows of resources	-	-	107,605	-	-	159,154
FUND BALANCES						
Nonspendable:						
Prepays	4,896	9,862	-	-	-	3,826
Permanent fund corpus	-	-	-	-	-	-
Restricted:						
Public safety	485,039	1,769,119	-	5,068	-	-
Culture and recreation	-	-	-	-	-	-
Environmental	-	-	-	-	-	-
Transportation	-	-	986,537	-	-	-
Capital projects	-	-	-	-	-	-
Scholarship	-	-	-	-	-	-
Committed:						
Culture and recreation	-	-	-	-	-	-
Environmental	-	-	-	-	-	-
Unassigned	-	-	-	-	(37,671)	(161,899)
Total fund balances	489,935	1,778,981	986,537	5,068	(37,671)	(158,073)
Total liabilities, deferred inflows of resources, and fund balances	\$ 633,576	\$ 1,847,597	\$ 1,152,433	\$ 5,068	\$ 27,578	\$ 195,555

Special Revenue Funds			Capital Projects Funds			Permanent Fund	Total Nonmajor Governmental Funds
Soil Erosion	Hotel/Motel Tax	Leita Thompson	2000 Bond	2013 Bond	2014 Bond	Scholarship Fund	
\$ 322,052	\$ 94,985	\$ 213,383	\$ 521,753	\$ 460,265	\$ 4,156,514	\$ 10,080	\$ 7,557,372
249,593	504,340	-	1,001,107	5,994,730	980,906	25,110	10,249,161
446	82,984	9,257	-	2,063	1,681	-	401,180
-	-	-	-	-	-	-	266,759
-	-	759	-	799	-	-	20,142
<u>\$ 572,091</u>	<u>\$ 682,309</u>	<u>\$ 223,399</u>	<u>\$ 1,522,860</u>	<u>\$ 6,457,857</u>	<u>\$ 5,139,101</u>	<u>\$ 35,190</u>	<u>\$ 18,494,614</u>
\$ 286,727	\$ 7,336	\$ 20,975	\$ -	\$ 142,309	\$ -	\$ -	\$ 745,699
-	-	5,000	-	-	-	-	25,448
-	-	-	-	56,375	-	-	86,500
-	9	-	-	-	-	-	191,355
<u>286,727</u>	<u>7,345</u>	<u>25,975</u>	<u>-</u>	<u>198,684</u>	<u>-</u>	<u>-</u>	<u>1,049,002</u>
-	-	-	-	-	-	-	266,759
-	-	9,257	-	-	-	-	9,257
-	-	9,257	-	-	-	-	276,016
-	-	759	-	799	-	-	20,142
-	-	-	-	-	-	25,000	25,000
-	-	-	-	-	-	-	2,259,226
-	674,964	-	-	-	-	-	674,964
38,604	-	-	-	-	-	-	38,604
-	-	-	-	-	-	-	986,537
-	-	-	1,522,860	6,258,374	5,139,101	-	12,920,335
-	-	-	-	-	-	10,190	10,190
-	-	187,408	-	-	-	-	187,408
246,760	-	-	-	-	-	-	246,760
-	-	-	-	-	-	-	(199,570)
<u>285,364</u>	<u>674,964</u>	<u>188,167</u>	<u>1,522,860</u>	<u>6,259,173</u>	<u>5,139,101</u>	<u>35,190</u>	<u>17,169,596</u>
<u>\$ 572,091</u>	<u>\$ 682,309</u>	<u>\$ 223,399</u>	<u>\$ 1,522,860</u>	<u>\$ 6,457,857</u>	<u>\$ 5,139,101</u>	<u>\$ 35,190</u>	<u>\$ 18,494,614</u>

CITY OF ROSWELL, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds					
	Confiscated Assets	Emergency 911 Telephone System	State Grants	County/Local Grants	American Stimulus Recovery Grants	CDBG Grants
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	917,801	3,500	-	118,862
Fines and forfeitures	137,503	-	-	-	-	-
Charges for services	-	1,953,564	-	-	-	-
Investment earnings	2,111	13,412	-	-	101	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>139,614</u>	<u>1,966,976</u>	<u>917,801</u>	<u>3,500</u>	<u>101</u>	<u>118,862</u>
Expenditures:						
Current:						
Public safety	237,465	1,781,805	-	4,995	-	-
Culture and recreation	-	-	-	-	-	-
Planning and zoning	-	-	-	-	-	172,706
Capital outlay	-	69,503	348,743	-	-	-
Debt service	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>237,465</u>	<u>1,851,308</u>	<u>348,743</u>	<u>4,995</u>	<u>-</u>	<u>172,706</u>
Excess (deficiency) of revenues over expenditures	(97,851)	115,668	569,058	(1,495)	101	(53,844)
Other financing sources (uses):						
Proceeds from bonds	-	-	-	-	-	-
Premium on bonds	-	-	-	-	-	-
Proceeds from sale of capital assets	12,105	-	-	-	-	-
Transfers out	(47,716)	-	-	-	-	-
Total other financing sources (uses):	<u>(35,611)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(133,462)	115,668	569,058	(1,495)	101	(53,844)
Fund balances (deficits), beginning of year	<u>623,397</u>	<u>1,663,313</u>	<u>417,479</u>	<u>6,563</u>	<u>(37,772)</u>	<u>(104,229)</u>
Fund balances (deficits), end of year	<u>\$ 489,935</u>	<u>\$ 1,778,981</u>	<u>\$ 986,537</u>	<u>\$ 5,068</u>	<u>\$ (37,671)</u>	<u>\$ (158,073)</u>

Special Revenue Funds			Capital Projects Funds			Permanent Fund	Total Nonmajor Governmental Funds
Soil Erosion	Hotel/Motel Tax	Leita Thompson	2000 Bond	2013 Bond	2014 Bond	Scholarship Fund	
\$ -	\$ 874,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 874,776
-	-	-	-	-	-	-	1,040,163
-	-	-	-	-	-	-	137,503
25,764	-	-	-	-	-	-	1,979,328
139	7,416	-	3,308	73,748	2,634	47	102,916
-	-	103,249	-	-	-	-	103,249
<u>25,903</u>	<u>882,192</u>	<u>103,249</u>	<u>3,308</u>	<u>73,748</u>	<u>2,634</u>	<u>47</u>	<u>4,237,935</u>
-	-	-	-	-	-	-	2,024,265
-	975,918	93,645	-	-	-	-	1,069,563
-	-	-	-	-	-	-	172,706
132,316	-	-	4,096	2,897,580	-	-	3,452,238
-	-	-	2,500	4,011	154,711	-	161,222
<u>132,316</u>	<u>975,918</u>	<u>93,645</u>	<u>6,596</u>	<u>2,901,591</u>	<u>154,711</u>	<u>-</u>	<u>6,879,994</u>
(106,413)	(93,726)	9,604	(3,288)	(2,827,843)	(152,077)	47	(2,642,059)
-	-	-	-	-	4,940,000	-	4,940,000
-	-	-	-	-	351,178	-	351,178
-	-	-	-	-	-	-	12,105
-	-	-	-	-	-	-	(47,716)
-	-	-	-	-	5,291,178	-	5,255,567
(106,413)	(93,726)	9,604	(3,288)	(2,827,843)	5,139,101	47	2,613,508
<u>391,777</u>	<u>768,690</u>	<u>178,563</u>	<u>1,526,148</u>	<u>9,087,016</u>	<u>-</u>	<u>35,143</u>	<u>14,556,088</u>
<u>\$ 285,364</u>	<u>\$ 674,964</u>	<u>\$ 188,167</u>	<u>\$ 1,522,860</u>	<u>\$ 6,259,173</u>	<u>\$ 5,139,101</u>	<u>\$ 35,190</u>	<u>\$ 17,169,596</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 85,000	\$ 85,000	\$ 137,503	\$ 52,503
Investment earnings	5,000	5,000	2,111	(2,889)
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>139,614</u>	<u>49,614</u>
Expenditures:				
Current:				
Public safety	294,878	365,347	245,602	119,745
Total expenditures	<u>294,878</u>	<u>365,347</u>	<u>245,602</u>	<u>119,745</u>
Deficiency of revenues over expenditures	(204,878)	(275,347)	(105,988)	169,359
Other financing sources (uses):				
Proceeds from sale of capital assets	-	13,716	12,105	(1,611)
Transfers out	(16,000)	(47,716)	(47,716)	-
Total other financing sources (uses)	<u>(16,000)</u>	<u>(34,000)</u>	<u>(35,611)</u>	<u>(1,611)</u>
Net change in fund balances (budgetary basis)	<u>\$ (220,878)</u>	<u>\$ (309,347)</u>	(141,599)	<u>\$ 167,748</u>
Less outstanding encumbrances, June 30			<u>8,137</u>	
Net change in fund balances (GAAP basis)			<u>\$ (133,462)</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 1,650,000	\$ 1,650,000	\$ 1,953,564	\$ 303,564
Investment earnings	4,000	4,000	13,412	9,412
Total revenues	<u>1,654,000</u>	<u>1,654,000</u>	<u>1,966,976</u>	<u>312,976</u>
Expenditures:				
Current:				
Public safety	1,979,293	2,016,959	1,913,784	103,175
Capital outlay	<u>28,400</u>	<u>435,013</u>	<u>69,503</u>	<u>365,510</u>
Total expenditures	<u>2,007,693</u>	<u>2,451,972</u>	<u>1,983,287</u>	<u>468,685</u>
Net change in fund balances (budgetary basis)	<u>\$ (353,693)</u>	<u>\$ (797,972)</u>	(16,311)	<u>\$ 781,661</u>
Less outstanding encumbrances, June 30			<u>131,979</u>	
Net change in fund balances (GAAP basis)			<u>\$ 115,668</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 289,791	\$ 1,490,137	\$ 917,801	\$ (572,336)
Total revenues	<u>289,791</u>	<u>1,490,137</u>	<u>917,801</u>	<u>(572,336)</u>
Expenditures:				
Current:				
Public works	40	40	-	40
Capital outlay	1,236,000	2,436,346	621,513	1,814,833
Total expenditures	<u>1,236,040</u>	<u>2,436,386</u>	<u>621,513</u>	<u>1,814,873</u>
Net change in fund balances (budgetary basis)	<u>\$ (946,249)</u>	<u>\$ (946,249)</u>	296,288	<u>\$ 1,242,537</u>
Less outstanding encumbrances, June 30			<u>272,770</u>	
Net change in fund balances (GAAP basis)			<u>\$ 569,058</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 3,500	\$ 3,500	\$ 3,500	\$ -
Total revenues	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	5,003	5,003	4,995	8
Total expenditures	<u>5,003</u>	<u>5,003</u>	<u>4,995</u>	<u>8</u>
Net change in fund balances (budgetary basis)	<u>\$ (1,503)</u>	<u>\$ (1,503)</u>	(1,495)	<u>\$ 8</u>
Less outstanding encumbrances, June 30			-	
Net change in fund balances (GAAP basis)			<u>\$ (1,495)</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 587,644	\$ 685,521	\$ -	\$ (685,521)
Investment earnings	-	-	101	101
Total revenues	<u>587,644</u>	<u>685,521</u>	<u>101</u>	<u>(685,420)</u>
Expenditures:				
Current:				
General government	423,624	250,881	82	250,799
Public works	6,370	6,370	-	6,370
Planning and zoning	185,138	185,138	-	185,138
Capital outlay	75,481	75,481	-	75,481
Total expenditures	<u>690,613</u>	<u>517,870</u>	<u>82</u>	<u>517,788</u>
Net change in fund balances (budgetary basis)	<u>\$ (102,969)</u>	<u>\$ 167,651</u>	19	<u>\$ (167,632)</u>
Less outstanding encumbrances, June 30			<u>82</u>	
Net change in fund balances (GAAP basis)			<u>\$ 101</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 20,270	\$ 904,285	\$ 118,862	\$ (785,423)
Total revenues	<u>20,270</u>	<u>904,285</u>	<u>118,862</u>	<u>(785,423)</u>
Expenditures:				
Current:				
Planning and zoning	20,270	703,990	172,706	531,284
Capital outlay	-	292,609	-	292,609
Total expenditures	<u>20,270</u>	<u>996,599</u>	<u>172,706</u>	<u>823,893</u>
Net change in fund balances (budgetary basis)	<u>\$ -</u>	<u>\$ (92,314)</u>	<u>(53,844)</u>	<u>\$ 38,470</u>
Less outstanding encumbrances, June 30			-	
Net change in fund balances (GAAP basis)			<u>\$ (53,844)</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 7,800	\$ 7,800	\$ 25,764	\$ 17,964
Investment earnings	-	-	139	139
Total revenues	<u>7,800</u>	<u>7,800</u>	<u>25,903</u>	<u>18,103</u>
Expenditures:				
Capital outlay	-	238,659	238,700	(41)
Total expenditures	<u>-</u>	<u>238,659</u>	<u>238,700</u>	<u>(41)</u>
Net change in fund balances (budgetary basis)	<u>\$ 7,800</u>	<u>\$ (230,859)</u>	(212,797)	<u>\$ 18,062</u>
Less outstanding encumbrances, June 30			<u>106,384</u>	
Net change in fund balances (GAAP basis)			<u>\$ (106,413)</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 785,400	\$ 785,400	\$ 874,776	\$ 89,376
Investment earnings	4,000	4,000	7,416	3,416
Total revenues	<u>789,400</u>	<u>789,400</u>	<u>882,192</u>	<u>92,792</u>
Expenditures:				
Current:				
Culture and recreation	952,931	975,681	975,918	(237)
Total expenditures	<u>952,931</u>	<u>975,681</u>	<u>975,918</u>	<u>(237)</u>
Net change in fund balances (budgetary basis)	<u>\$ (163,531)</u>	<u>\$ (186,281)</u>	(93,726)	<u>\$ 93,029</u>
Less outstanding encumbrances, June 30			-	
Net change in fund balances (GAAP basis)			<u>\$ (93,726)</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Miscellaneous	\$ 89,000	\$ 111,200	\$ 103,249	\$ (7,951)
Total revenues	<u>89,000</u>	<u>111,200</u>	<u>103,249</u>	<u>(7,951)</u>
Expenditures:				
Current:				
Culture and recreation	88,192	104,726	93,645	11,081
Total expenditures	<u>88,192</u>	<u>104,726</u>	<u>93,645</u>	<u>11,081</u>
Net change in fund balances (budgetary basis)	<u>\$ 808</u>	<u>\$ 6,474</u>	9,604	<u>\$ 3,130</u>
Less outstanding encumbrances, June 30			-	
Net change in fund balances (GAAP basis)			<u>\$ 9,604</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 3,308	\$ 3,308
Total revenues	-	-	3,308	3,308
Expenditures:				
Capital outlay	1,113,468	1,113,468	47,896	1,065,572
Debt service:				
Interest and fiscal charges	-	-	2,500	(2,500)
Total expenditures	1,113,468	1,113,468	50,396	1,063,072
Net change in fund balances (budgetary basis)	<u>\$ (1,113,468)</u>	<u>\$ (1,113,468)</u>	(47,088)	<u>\$ 1,066,380</u>
Less outstanding encumbrances, June 30			43,800	
Net change in fund balances (GAAP basis)			<u>\$ (3,288)</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 218,770	\$ 68,500	\$ -	\$ (68,500)
Investment earnings	-	-	73,748	73,748
Total revenues	<u>218,770</u>	<u>68,500</u>	<u>73,748</u>	<u>5,248</u>
Expenditures:				
Capital outlay	9,271,715	9,031,715	3,090,426	5,941,289
Debt service				
Interest and fiscal charges	84,231	89,007	4,011	84,996
Total expenditures	<u>9,355,946</u>	<u>9,120,722</u>	<u>3,094,437</u>	<u>6,026,285</u>
Deficiency of revenues over expenditures	(9,137,176)	(9,052,222)	(3,020,689)	(6,021,037)
Other financing sources:				
Issuance of long term debt	10,239,277	9,999,277	-	9,999,277
Total other financing sources	<u>10,239,277</u>	<u>9,999,277</u>	<u>-</u>	<u>9,999,277</u>
Net change in fund balances (budgetary basis)	<u>\$ 1,102,101</u>	<u>\$ 947,055</u>	(3,020,689)	<u>\$ 3,978,240</u>
Less outstanding encumbrances, June 30			<u>192,846</u>	
Net change in fund balances (GAAP basis)			<u>\$ (2,827,843)</u>	

**CITY OF ROSWELL, GEORGIA
2014 BOND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 2,634	\$ 2,634
Total revenues	<u>-</u>	<u>-</u>	<u>2,634</u>	<u>2,634</u>
Expenditures:				
Capital outlay	4,940,000	4,940,000	101	4,939,899
Debt service				
Interest and fiscal charges	327,713	327,713	154,711	173,002
Total expenditures	<u>5,267,713</u>	<u>5,267,713</u>	<u>154,812</u>	<u>5,112,901</u>
Deficiency of revenues over expenditures	(5,267,713)	(5,267,713)	(152,178)	(5,110,267)
Other financing sources:				
Issuance of bonds	4,940,000	4,940,000	4,940,000	-
Premium on bonds	327,713	327,713	351,178	(23,465)
Total other financing sources	<u>5,267,713</u>	<u>5,267,713</u>	<u>5,291,178</u>	<u>(23,465)</u>
Net change in fund balances (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	5,139,000	<u>\$ (5,133,732)</u>
Less outstanding encumbrances, June 30			<u>101</u>	
Net change in fund balances (GAAP basis)			<u>\$ 5,139,101</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Impact fees	\$ 4,000	\$ 30,917	\$ 669,436	\$ 638,519
Investment earnings	20,491	22,491	14,015	(8,476)
Total revenues	<u>24,491</u>	<u>53,408</u>	<u>683,451</u>	<u>630,043</u>
Expenditures:				
Current:				
Public works	2,113	2,113	12,722	(10,609)
Capital outlay	3,156,917	3,663,635	43,147	3,620,488
Total expenditures	<u>3,159,030</u>	<u>3,665,748</u>	<u>55,869</u>	<u>3,609,879</u>
Net change in fund balances (budgetary basis)	<u>\$ (3,134,539)</u>	<u>\$ (3,612,340)</u>	627,582	<u>\$ (2,979,836)</u>
Less outstanding encumbrances, June 30			<u>23,024</u>	
Net change in fund balances (GAAP basis)			<u>\$ 650,606</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,010,000	\$ 1,010,000	\$ 524,914	\$ (485,086)
Investment earnings	-	-	238,657	238,657
Contributions	100,000	100,000	30,000	(70,000)
Miscellaneous	4,336	4,336	4,672	336
Total revenues	<u>1,114,336</u>	<u>1,114,336</u>	<u>798,243</u>	<u>(316,093)</u>
Expenditures:				
Current:				
General government	763,834	251,127	558,505	(307,378)
Public safety	199,652	11,923	-	11,923
Public works	2,393,962	3,260,182	2,104,928	1,155,254
Planning and zoning	63,090	50,000	200	49,800
Culture and recreation	5,460	-	-	-
Capital outlay	22,862,408	25,722,859	13,966,666	11,756,193
Total expenditures	<u>26,288,406</u>	<u>29,296,091</u>	<u>16,630,299</u>	<u>12,665,792</u>
Deficiency of revenues over expenditures	(25,174,070)	(28,181,755)	(15,832,056)	12,349,699
Other financing sources (uses):				
Issuance of capital lease	3,150,000	-	-	-
Transfers in	3,086,000	10,237,313	8,410,151	(1,827,162)
Total other financing sources (uses)	<u>6,236,000</u>	<u>10,237,313</u>	<u>8,410,151</u>	<u>(1,827,162)</u>
Net change in fund balances (budgetary basis)	<u>\$ (18,938,070)</u>	<u>\$ (17,944,442)</u>	(7,421,905)	<u>\$ 10,522,537</u>
Less outstanding encumbrances, June 30			<u>5,295,765</u>	
Net change in fund balances (GAAP basis)			<u>\$ (2,126,140)</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, 2014**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 4,184,762	\$ 4,184,762	\$ 4,314,041	\$ 129,279
Investment earnings	-	-	58,212	58,212
Total revenues	<u>4,184,762</u>	<u>4,184,762</u>	<u>4,372,253</u>	<u>187,491</u>
Expenditures:				
Debt service:				
Principal	945,000	945,000	945,000	-
Interest	260,948	260,948	261,155	(207)
Total expenditures	<u>1,205,948</u>	<u>1,205,948</u>	<u>1,206,155</u>	<u>(207)</u>
Net change in fund balances (budgetary basis)	<u>\$ 2,978,814</u>	<u>\$ 2,978,814</u>	3,166,098	<u>\$ 187,284</u>
Less outstanding encumbrances, June 30			-	
Net change in fund balances (GAAP basis)			<u>\$ 3,166,098</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, 2014

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Operating revenues:				
Charges for services:				
Water sales	\$ 3,100,000	\$ 3,100,000	\$ 2,853,799	\$ (246,201)
Sewer sales	250,000	250,000	273,694	23,694
Other fees	121,500	121,500	120,835	(665)
Other operating income	6,900	35,362	1,746	(33,616)
Total operating revenues	<u>3,478,400</u>	<u>3,506,862</u>	<u>3,250,074</u>	<u>(256,788)</u>
Operating expenses:				
Personnel services and benefits	1,279,338	1,283,214	1,296,604	(13,390)
Purchased contract services	450,000	410,000	308,812	101,188
Supplies and maintenance	1,087,238	1,195,370	913,265	282,105
Utilities	94,397	94,609	76,906	17,703
Capital expenses	895,400	17,060,872	16,650,753	410,119
Depreciation	-	-	501,712	(501,712)
Total operating expenses	<u>3,806,373</u>	<u>20,044,065</u>	<u>19,748,052</u>	<u>296,013</u>
Operating loss	(327,973)	(16,537,203)	(16,497,978)	39,225
Non-operating revenues (expenses):				
Investment earnings (loss)	6,000	6,000	21,827	15,827
Gain on disposal of capital assets	-	-	9,425	9,425
Financing proceeds	-	15,000,000	-	(15,000,000)
Interest expense	(77,000)	(247,331)	(16,114)	231,217
Total non-operating revenues (expenses)	<u>(71,000)</u>	<u>14,758,669</u>	<u>15,138</u>	<u>(14,743,531)</u>
Loss before transfers	(398,973)	(1,778,534)	(16,482,840)	(14,704,306)
Transfers:				
Transfers in	-	50,000	50,000	-
Total transfers	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Change in net position (budgetary basis)	<u>\$ (398,973)</u>	<u>\$ (1,728,534)</u>	<u>(16,432,840)</u>	<u>\$ (14,704,306)</u>
Less outstanding encumbrances, June 30			<u>16,658,892</u>	
Change in net position (GAAP basis)			<u>\$ 226,052</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, 2014

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Operating revenues:				
Charges for services:				
Sanitation sales	\$ 8,126,500	\$ 8,126,500	\$ 8,318,587	\$ 192,087
Other fees	20,000	20,000	28,620	8,620
Other operating income	252,500	252,500	288,517	36,017
Total operating revenues	<u>8,399,000</u>	<u>8,399,000</u>	<u>8,635,724</u>	<u>236,724</u>
Operating expenses:				
Personnel services and benefits	3,071,343	3,082,753	3,104,918	(22,165)
Purchased contract services	4,122,532	4,150,927	3,828,693	322,234
Supplies and maintenance	2,069,157	2,609,007	1,951,746	657,261
Utilities	10,069	10,069	11,279	(1,210)
Other operating expense	235,600	252,798	-	252,798
Depreciation	-	-	378,160	(378,160)
Total operating expenses	<u>9,508,701</u>	<u>10,105,554</u>	<u>9,274,796</u>	<u>830,758</u>
Operating loss	(1,109,701)	(1,706,554)	(639,072)	1,067,482
Non-operating revenues:				
Investment earnings	30,000	30,000	109,584	79,584
Gain on disposal of capital assets	-	-	18,222	18,222
Total non-operating revenues	<u>30,000</u>	<u>30,000</u>	<u>127,806</u>	<u>97,806</u>
Transfers:				
Transfers out	-	-	(94,710)	(94,710)
Total transfers	<u>-</u>	<u>-</u>	<u>(94,710)</u>	<u>(94,710)</u>
Change in net position (budgetary basis)	<u>\$ (1,079,701)</u>	<u>\$ (1,676,554)</u>	(605,976)	<u>\$ 1,070,578</u>
Less outstanding encumbrances, June 30			<u>177,461</u>	
Change in net position (GAAP basis)			<u>\$ (428,515)</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, 2014

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Operating revenues:				
Charges for services:				
Other fees	\$ 4,508,000	\$ 4,462,000	\$ 4,576,669	\$ 114,669
Total operating revenues	<u>4,508,000</u>	<u>4,462,000</u>	<u>4,576,669</u>	<u>114,669</u>
Operating expenses:				
Personnel services and benefits	3,182,519	3,225,864	3,106,773	119,091
Purchased contract services	720,000	720,975	740,144	(19,169)
Supplies and maintenance	1,407,830	1,509,021	983,890	525,131
Depreciation	-	-	46,979	(46,979)
Total operating expenses	<u>5,310,349</u>	<u>5,455,860</u>	<u>4,877,786</u>	<u>578,074</u>
Operating loss	(802,349)	(993,860)	(301,117)	692,743
Non-operating revenues:				
Investment earnings	-	-	21,380	21,380
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>21,380</u>	<u>21,380</u>
Loss before transfers	(802,349)	(993,860)	(279,737)	714,123
Transfers:				
Transfers in	571,391	610,752	610,752	-
Total transfers	<u>571,391</u>	<u>610,752</u>	<u>610,752</u>	<u>-</u>
Change in net position (budgetary basis)	<u>\$ (230,958)</u>	<u>\$ (383,108)</u>	331,015	<u>\$ 714,123</u>
Less outstanding encumbrances, June 30			<u>76,676</u>	
Change in net position (GAAP basis)			<u>\$ 407,691</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, 2014

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Operating revenues:				
Charges for services:				
Stormwater sales	\$ 2,909,000	\$ 2,909,000	\$ 3,046,175	\$ 137,175
Total operating revenues	<u>2,909,000</u>	<u>2,909,000</u>	<u>3,046,175</u>	<u>137,175</u>
Operating expenses:				
Personnel services and benefits	744,461	747,045	764,608	(17,563)
Supplies and maintenance	1,805,206	2,240,412	826,286	1,414,126
Depreciation	-	-	86,620	(86,620)
Total operating expenses	<u>2,549,667</u>	<u>2,987,457</u>	<u>1,677,514</u>	<u>1,309,943</u>
Operating income (loss)	359,333	(78,457)	1,368,661	1,447,118
Non-operating revenues:				
Investment income	2,500	2,500	7,613	5,113
Total non-operating revenues	<u>2,500</u>	<u>2,500</u>	<u>7,613</u>	<u>5,113</u>
Income (loss) before transfers	361,833	(75,957)	1,376,274	1,452,231
Transfers:				
Transfers out	-	(204,350)	(204,350)	-
Total transfers	<u>-</u>	<u>(204,350)</u>	<u>(204,350)</u>	<u>-</u>
Change in net position (budgetary basis)	<u>\$ 361,833</u>	<u>\$ (280,307)</u>	1,171,924	<u>\$ 1,452,231</u>
Less outstanding encumbrances, June 30			<u>40,367</u>	
Change in net position (GAAP basis)			<u>\$ 1,212,291</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, 2014

	Group Health Fund	Risk Management Fund	Workman's Compensation Fund	Fleet Services Fund	Total
ASSETS					
Current assets:					
Cash	\$ 1,265,797	\$ 38,079	\$ 260,766	\$ 85,121	\$ 1,649,763
Investments	1,000,643	1,992,946	2,478,665	-	5,472,254
Receivables (net of allowance for uncollectibles)	443	3,813	8,499	-	12,755
Prepaid items	2,464	169,475	60,000	-	231,939
Total assets	<u>2,269,347</u>	<u>2,204,313</u>	<u>2,807,930</u>	<u>85,121</u>	<u>7,366,711</u>
LIABILITIES					
Current liabilities:					
Accounts payable	29,938	35,394	31,622	1,409	98,363
Accrued liabilities	1,694	1,543	269,537	7,925	280,699
Compensated absences	4,301	1,824	794	15,128	22,047
Total current liabilities	<u>35,933</u>	<u>38,761</u>	<u>301,953</u>	<u>24,462</u>	<u>401,109</u>
Long-term liabilities:					
Compensated absences	2,550	1,317	259	10,610	14,736
Total long-term liabilities	<u>2,550</u>	<u>1,317</u>	<u>259</u>	<u>10,610</u>	<u>14,736</u>
Total liabilities	<u>38,483</u>	<u>40,078</u>	<u>302,212</u>	<u>35,072</u>	<u>415,845</u>
NET POSITION					
Unrestricted	2,230,864	2,164,235	2,505,718	50,049	6,950,866
Total net position	<u>\$ 2,230,864</u>	<u>\$ 2,164,235</u>	<u>\$ 2,505,718</u>	<u>\$ 50,049</u>	<u>\$ 6,950,866</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, 2014

	Group Health Fund	Risk Management Fund	Workman's Compensation Fund	Fleet Services Fund	Total
OPERATING REVENUES					
Charges for services	\$ 7,140,142	\$ 1,059,705	\$ 466,000	\$ 629,997	\$ 9,295,844
Miscellaneous	1,829	-	6,348	-	8,177
Total operating revenues	<u>7,141,971</u>	<u>1,059,705</u>	<u>472,348</u>	<u>629,997</u>	<u>9,304,021</u>
OPERATING EXPENSES					
General and administrative	1,297,775	197,788	132,115	662,067	2,289,745
Claims paid	5,370,740	817,709	389,074	-	6,577,523
Total operating expenses	<u>6,668,515</u>	<u>1,015,497</u>	<u>521,189</u>	<u>662,067</u>	<u>8,867,268</u>
Operating income (loss)	473,456	44,208	(48,841)	(32,070)	436,753
NONOPERATING REVENUES					
Investment earnings	643	8,327	18,555	-	27,525
Total nonoperating revenues	<u>643</u>	<u>8,327</u>	<u>18,555</u>	<u>-</u>	<u>27,525</u>
Income (loss) before transfers	474,099	52,535	(30,286)	(32,070)	464,278
Transfers in	19,981	-	-	92,263	112,244
Transfers out	(519,868)	-	-	-	(519,868)
Total transfers	<u>(499,887)</u>	<u>-</u>	<u>-</u>	<u>92,263</u>	<u>(407,624)</u>
Change in net position	(25,788)	52,535	(30,286)	60,193	56,654
NET POSITION, beginning 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>
NET POSITION, end of year	<u>\$ 2,230,864</u>	<u>\$ 2,164,235</u>	<u>\$ 2,505,718</u>	<u>\$ 50,049</u>	<u>\$ 6,950,866</u>

CITY OF ROSWELL, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Group Health Fund	Risk Management Fund	Workman's Compensation Fund	Fleet Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 7,142,885	\$ 1,059,705	\$ 472,348	\$ 629,997	\$ 9,304,935
Payments to suppliers and service providers	(6,642,744)	(977,474)	(581,939)	(637,611)	(8,839,768)
Net cash provided by (used in) operating activities	500,141	82,231	(109,591)	(7,614)	465,167
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	-	(1,238,574)	(1,498,009)	-	(2,736,583)
Interest received	-	7,585	12,656	-	20,241
Net cash used in investing activities	-	(1,230,989)	(1,485,353)	-	(2,716,342)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	19,981	-	-	92,263	112,244
Transfers out	(519,868)	-	-	-	(519,868)
Net cash provided by (used in) noncapital financing activities	(499,887)	-	-	92,263	(407,624)
Net increase (decrease) in cash	254	(1,148,758)	(1,594,944)	84,649	(2,658,799)
Cash:					
Beginning of year	1,265,543	1,186,837	1,855,710	472	4,308,562
End of year	<u>\$ 1,265,797</u>	<u>\$ 38,079</u>	<u>\$ 260,766</u>	<u>\$ 85,121</u>	<u>\$ 1,649,763</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 473,456	\$ 44,208	\$ (48,841)	\$ (32,070)	\$ 436,753
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Decrease in receivables	914	-	-	-	914
(Increase) decrease in prepaids	4,180	137	-	-	4,317
Increase (decrease) in accounts payable	14,563	34,606	(40,215)	(980)	7,974
Increase (decrease) in accrued liabilities	177	139	(21,588)	(267)	(21,539)
Increase in compensated absences	6,851	3,141	1,053	25,738	36,783
Decrease in due to other funds	-	-	-	(35)	(35)
Net cash provided by (used in) operating activities	<u>\$ 500,141</u>	<u>\$ 82,231</u>	<u>\$ (109,591)</u>	<u>\$ (7,614)</u>	<u>\$ 465,167</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	80-85
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.....	86-89
These schedules contain information to help the reader assess the government’s most significant local revenue source, property tax.	
Debt Capacity.....	90-93
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	94 and 95
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.....	96-100
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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 87,002	\$ 88,960	\$ 92,979	\$ 107,136
Restricted	9,351	7,836	9,679	7,496
Unrestricted	37,397	54,935	66,635	72,291
Total governmental activities net position	<u>\$ 133,750</u>	<u>\$ 151,731</u>	<u>\$ 169,293</u>	<u>\$ 186,923</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 8,818	\$ 8,576	\$ 9,235	\$ 9,506
Restricted	-	-	-	-
Unrestricted	5,102	8,723	10,846	12,893
Total business-type activities net position	<u>\$ 13,920</u>	<u>\$ 17,299</u>	<u>\$ 20,081</u>	<u>\$ 22,399</u>
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 95,820	\$ 97,536	\$ 102,214	\$ 116,642
Restricted	9,351	7,836	9,679	7,496
Unrestricted	42,499	63,658	77,481	85,184
Total primary government net position	<u>\$ 147,670</u>	<u>\$ 169,030</u>	<u>\$ 189,374</u>	<u>\$ 209,322</u>

2009	2010	2011	2012	2013	2014
\$ 117,562	\$ 126,837	\$ 140,779	\$ 156,690	\$ 154,588	\$ 166,282
7,845	8,314	21,015	11,443	20,996	27,264
69,817	65,539	50,820	49,347	46,557	35,192
<u>\$ 195,224</u>	<u>\$ 200,690</u>	<u>\$ 212,614</u>	<u>\$ 217,480</u>	<u>\$ 222,141</u>	<u>\$ 228,738</u>
\$ 10,963	\$ 13,044	\$ 14,581	\$ 15,146	\$ 17,069	\$ 20,108
-	-	-	1,644	-	-
13,867	14,349	15,314	15,005	16,828	15,277
<u>\$ 24,830</u>	<u>\$ 27,393</u>	<u>\$ 29,895</u>	<u>\$ 31,795</u>	<u>\$ 33,897</u>	<u>\$ 35,385</u>
\$ 128,525	\$ 139,881	\$ 155,360	\$ 171,836	\$ 171,657	\$ 186,390
7,845	8,314	21,015	13,087	20,996	27,264
83,684	79,888	66,134	64,352	63,385	50,469
<u>\$ 220,054</u>	<u>\$ 228,083</u>	<u>\$ 242,509</u>	<u>\$ 249,275</u>	<u>\$ 256,038</u>	<u>\$ 264,123</u>

CITY OF ROSWELL, GEORGIA

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
EXPENSES				
Governmental activities:				
General government	\$ 5,312	\$ 3,948	\$ 4,311	\$ 5,398
Judicial	1,373	1,384	1,387	1,496
Financial services	3,290	4,057	3,987	3,964
Public safety	17,952	19,466	20,708	22,486
Public works	8,789	8,961	10,009	8,847
Planning and zoning	3,462	3,553	3,653	3,932
Culture and recreation	10,349	10,996	11,369	12,634
Interest and paying agent fees	2,583	2,353	2,208	1,831
Total governmental activities expenses	<u>53,110</u>	<u>54,718</u>	<u>57,632</u>	<u>60,588</u>
Business-type activities:				
Water and sewer	2,214	2,204	2,625	2,662
Solid waste	6,403	6,806	8,166	8,655
Participant recreation	3,112	3,399	3,452	3,845
Stormwater	-	-	-	-
Total business-type activities expenses	<u>11,729</u>	<u>12,409</u>	<u>14,243</u>	<u>15,162</u>
Total primary government expenses	<u>\$ 64,839</u>	<u>\$ 67,127</u>	<u>\$ 71,875</u>	<u>\$ 75,750</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 298	\$ 1,012	\$ 1,802	\$ 2,376
Judicial (2)	-	2,968	3,106	3,154
Public safety	4,407	1,861	3,312	3,843
Public works	229	961	734	435
Planning and zoning	1,172	1,349	1,611	604
Culture and recreation	640	233	435	476
Total charges for services	<u>6,746</u>	<u>8,384</u>	<u>11,000</u>	<u>10,888</u>
Operating grants and contributions (1)	1,439	25	378	1,300
Capital grants and contributions (1)	-	3,880	901	1,662
Total governmental activities program revenues	<u>8,185</u>	<u>12,289</u>	<u>12,279</u>	<u>13,850</u>
Business-type activities:				
Charges for services:				
Water and sewer	2,804	3,314	3,335	3,183
Solid waste	9,187	9,716	9,090	9,763
Participant recreation	3,230	3,401	3,642	4,077
Stormwater	-	-	-	-
Total charges for services	<u>15,221</u>	<u>16,431</u>	<u>16,067</u>	<u>17,023</u>
Capital grants and contributions (1)	-	-	621	107
Total business-type activities program revenues	<u>15,221</u>	<u>16,431</u>	<u>16,688</u>	<u>17,130</u>
Total primary government program revenues	<u>\$ 23,406</u>	<u>\$ 28,720</u>	<u>\$ 28,967</u>	<u>\$ 30,980</u>

(continued)

2009	2010	2011	2012	2013	2014
\$ 7,130	\$ 7,309	\$ 8,049	\$ 8,237	\$ 8,455	\$ 9,448
1,484	1,502	1,442	1,374	1,371	1,265
2,387	2,335	1,528	2,216	2,159	1,994
23,764	24,880	24,346	26,037	24,622	25,881
9,402	12,380	12,670	13,438	12,355	11,433
3,675	3,650	3,978	2,541	2,844	3,260
12,198	12,340	11,445	12,102	12,258	12,767
1,506	1,278	1,193	823	574	525
<u>61,546</u>	<u>65,674</u>	<u>64,651</u>	<u>66,768</u>	<u>64,638</u>	<u>66,574</u>
2,680	3,057	2,936	3,330	2,861	3,091
8,607	8,985	8,951	8,887	8,928	9,064
3,859	3,855	4,964	4,844	4,964	4,788
-	-	-	1,418	1,522	1,628
<u>15,146</u>	<u>15,897</u>	<u>16,851</u>	<u>18,479</u>	<u>18,275</u>	<u>18,570</u>
<u>\$ 76,692</u>	<u>\$ 81,571</u>	<u>\$ 81,502</u>	<u>\$ 85,247</u>	<u>\$ 82,913</u>	<u>\$ 85,144</u>
\$ 1,899	\$ 1,256	\$ 3,420	\$ 3,120	\$ 2,988	\$ 3,066
584	2,259	2,969	2,938	2,246	1,702
4,650	2,918	2,176	2,530	1,844	2,032
481	1,480	67	264	570	697
698	373	17	609	766	1,454
273	512	350	80	99	103
<u>8,585</u>	<u>8,798</u>	<u>8,999</u>	<u>9,541</u>	<u>8,513</u>	<u>9,054</u>
737	2,368	1,406	983	491	811
1,323	2,222	9,443	2,883	2,101	1,710
<u>10,645</u>	<u>13,388</u>	<u>19,848</u>	<u>13,407</u>	<u>11,105</u>	<u>11,575</u>
3,257	3,297	3,304	3,567	3,219	3,250
9,681	9,981	9,821	8,655	8,857	8,636
3,910	4,126	4,345	4,626	4,672	4,576
-	-	-	2,900	3,052	3,046
<u>16,848</u>	<u>17,404</u>	<u>17,470</u>	<u>19,748</u>	<u>19,800</u>	<u>19,508</u>
-	844	-	-	-	-
<u>16,848</u>	<u>18,248</u>	<u>17,470</u>	<u>19,748</u>	<u>19,800</u>	<u>19,508</u>
<u>\$ 27,493</u>	<u>\$ 31,636</u>	<u>\$ 37,318</u>	<u>\$ 33,155</u>	<u>\$ 30,905</u>	<u>\$ 31,083</u>

CITY OF ROSWELL, GEORGIA

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net (expense)/revenue				
Governmental activities	\$ (44,925)	\$ (42,429)	\$ (45,353)	\$ (46,738)
Business-type activities	3,492	4,022	2,445	1,968
Total primary government net expense	<u>\$ (41,433)</u>	<u>\$ (38,407)</u>	<u>\$ (42,908)</u>	<u>\$ (44,770)</u>
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property taxes	\$ 27,543	\$ 28,806	\$ 30,628	\$ 31,635
Sales taxes	18,780	21,284	22,443	22,689
Hotel/Motel taxes	619	730	795	853
Business taxes	4,689	5,026	5,151	5,307
Total taxes	<u>51,631</u>	<u>55,846</u>	<u>59,017</u>	<u>60,484</u>
Investment earnings	1,078	2,071	3,784	3,395
Gain on sale of capital assets	-	-	-	-
Miscellaneous	519	69	122	479
Transfers	775	962	(8)	10
Total governmental activities	<u>54,003</u>	<u>58,948</u>	<u>62,915</u>	<u>64,368</u>
Business-type activities:				
Investment earnings	80	266	314	348
Gain on sale of capital assets	-	53	15	12
Miscellaneous	28	-	-	-
Transfers	(775)	(962)	8	(10)
Total business-type activities	<u>(667)</u>	<u>(643)</u>	<u>337</u>	<u>350</u>
Total primary government	<u>\$ 53,336</u>	<u>\$ 58,305</u>	<u>\$ 63,252</u>	<u>\$ 64,718</u>
CHANGE IN NET POSITION				
Governmental activities	\$ 9,078	\$ 16,519	\$ 17,562	\$ 17,630
Business-type activities	2,825	3,379	2,782	2,318
Total primary government	<u>\$ 11,903</u>	<u>\$ 19,898</u>	<u>\$ 20,344</u>	<u>\$ 19,948</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 decrease in Judicial for 2009 is attributable to the decrease in fine revenues and for the allocation of court fines to Public Safety.

2009	2010	2011	2012	2013	2014
\$ (50,901)	\$ (52,286)	\$ (44,803)	\$ (53,361)	\$ (53,533)	\$ (54,999)
1,702	2,351	619	1,269	1,525	938
<u>\$ (49,199)</u>	<u>\$ (49,935)</u>	<u>\$ (44,184)</u>	<u>\$ (52,092)</u>	<u>\$ (52,008)</u>	<u>\$ (54,061)</u>
\$ 31,890	\$ 31,674	\$ 31,344	\$ 30,227	\$ 30,398	\$ 31,239
19,720	19,562	20,406	21,863	21,816	22,835
686	602	721	788	797	875
5,378	5,248	5,345	5,028	5,351	5,578
<u>57,674</u>	<u>57,086</u>	<u>57,816</u>	<u>57,906</u>	<u>58,362</u>	<u>60,527</u>
1,751	593	559	411	229	587
-	-	-	148	-	-
202	73	100	179	217	119
(425)	-	(1,748)	(418)	(571)	(362)
<u>59,202</u>	<u>57,752</u>	<u>56,727</u>	<u>58,226</u>	<u>58,237</u>	<u>60,871</u>
280	123	135	70	5	160
24	89	-	144	-	28
-	-	-	-	-	-
425	-	1,748	418	571	362
<u>729</u>	<u>212</u>	<u>1,883</u>	<u>632</u>	<u>576</u>	<u>550</u>
<u>\$ 59,931</u>	<u>\$ 57,964</u>	<u>\$ 58,610</u>	<u>\$ 58,858</u>	<u>\$ 58,813</u>	<u>\$ 61,421</u>
\$ 8,301	\$ 5,466	\$ 11,924	\$ 4,865	\$ 4,704	\$ 5,872
2,431	2,563	2,502	1,901	2,101	1,488
<u>\$ 10,732</u>	<u>\$ 8,029</u>	<u>\$ 14,426</u>	<u>\$ 6,766</u>	<u>\$ 6,805</u>	<u>\$ 7,360</u>

CITY OF ROSWELL, GEORGIA

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

	2005	2006	2007	2008
General fund				
Reserved	\$ 1,916	\$ 1,710	\$ 668	\$ 865
Unreserved	28,995	33,383	40,251	40,843
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	30,911	35,093	40,919	41,708
All other governmental funds				
Reserved	23,652	14,472	14,769	13,399
Unreserved, reported in:				
Special revenue funds	(3,416)	(1,136)	3,836	3,365
Debt service funds	2,306	14,773	16,297	18,494
Capital projects funds	-	-	-	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	22,542	28,109	34,902	35,258
Total all funds	\$ 53,453	\$ 63,202	\$ 75,821	\$ 76,966

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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 714	\$ 620	\$ -	\$ -	\$ -	\$ -
35,224	31,858	-	-	-	-
-	-	291	188	570	812
-	-	104	88	66	52
-	-	16,329	14,007	14,398	16,596
-	-	6,893	3,299	2,826	2,507
-	-	7,418	8,882	3,408	3,034
<u>35,938</u>	<u>32,478</u>	<u>31,035</u>	<u>26,464</u>	<u>21,268</u>	<u>23,001</u>
12,377	15,400	-	-	-	-
4,289	1,307	-	-	-	-
20,602	19,219	-	-	-	-
-	-	-	-	-	-
-	-	130	63	297	343
-	-	19,693	11,116	20,452	27,029
-	-	399	494	531	434
-	-	15,929	17,519	19,187	17,748
-	-	(1,188)	(1,699)	(420)	(874)
<u>37,268</u>	<u>35,926</u>	<u>34,963</u>	<u>27,493</u>	<u>40,047</u>	<u>44,680</u>
<u>\$ 73,206</u>	<u>\$ 68,404</u>	<u>\$ 65,998</u>	<u>\$ 53,957</u>	<u>\$ 61,315</u>	<u>\$ 67,681</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)

	2005	2006	2007	2008
REVENUES				
Taxes	\$ 50,440	\$ 55,474	\$ 58,320	\$ 59,821
Licenses and permits	1,661	1,813	2,117	2,428
Intergovernmental	3,245	4,475	1,943	2,589
Fines and forfeitures	2,050	3,066	4,218	4,811
Charges for services	2,239	2,495	3,850	3,549
Impact fees	-	-	-	-
Investment earnings (1)	1,012	2,020	3,696	3,321
Contributions	-	-	-	-
Miscellaneous	1,336	1,041	1,094	554
Total revenues	61,983	70,384	75,238	77,073
EXPENDITURES				
General government	3,974	4,090	4,663	5,124
Judicial	1,274	1,289	1,326	1,460
Financial services	3,263	3,333	3,565	3,587
Public safety	17,240	18,405	20,054	22,171
Public works	6,377	6,525	6,779	7,203
Planning and zoning	3,223	3,317	3,469	3,786
Culture and recreation	8,497	9,102	9,578	11,070
Capital outlay	11,737	10,334	7,121	11,227
Principal on long-term debt	4,935	4,757	4,205	8,140
Interest and paying agent fees	2,505	2,358	2,247	2,329
Total expenditures	63,025	63,510	63,007	76,097
Excess (deficiency) of revenues over expenditures	(1,042)	6,874	12,231	976
OTHER FINANCING SOURCES (USES)				
Sale of Assets	6	1,496	221	107
Transfers in	9,550	9,448	7,853	10,516
Transfers out	(8,775)	(8,486)	(7,861)	(10,506)
Proceeds from bond issuance	-	-	-	15,975
Premium on bonds issued	-	-	-	997
Payments to refunded bond escrow agent	-	-	-	(16,920)
Capital leases	-	417	175	-
Total other financing sources (uses)	781	2,875	388	169
Net change in fund balances	\$ (261)	\$ 9,749	\$ 12,619	\$ 1,145
Debt service as a percentage of noncapital expenditures	14.5%	13.4%	11.5%	12.5%

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

	2009	2010	2011	2012	2013	2014
\$	57,198	\$ 57,967	\$ 57,641	\$ 58,008	\$ 58,077	\$ 60,544
	1,295	1,187	1,268	1,430	1,521	2,201
	3,058	1,801	4,679	3,788	3,022	2,293
	3,476	3,392	3,345	3,303	2,478	1,840
	3,683	4,115	4,127	4,159	4,163	4,357
	-	95	276	245	543	669
	1,707	569	527	391	229	587
	-	-	-	25	53	59
	119	73	100	260	317	223
	<u>70,536</u>	<u>69,199</u>	<u>71,963</u>	<u>71,609</u>	<u>70,403</u>	<u>72,773</u>
	6,356	6,565	7,479	7,672	7,794	8,609
	1,532	1,501	1,439	1,377	1,368	1,167
	2,425	2,323	1,456	2,087	1,918	2,156
	23,205	24,108	23,218	24,742	23,056	24,224
	7,531	9,862	9,673	10,584	9,484	8,235
	3,749	3,660	3,945	2,459	2,729	3,129
	10,639	10,522	9,414	10,021	10,178	10,514
	12,774	9,303	9,592	11,099	9,570	14,609
	4,705	4,755	5,165	12,250	5,925	1,139
	1,484	1,432	1,240	1,093	648	422
	<u>74,400</u>	<u>74,031</u>	<u>72,621</u>	<u>83,384</u>	<u>72,670</u>	<u>74,204</u>
	<u>(3,864)</u>	<u>(4,832)</u>	<u>(658)</u>	<u>(11,775)</u>	<u>(2,267)</u>	<u>(1,431)</u>
	11,090	30	-	153	-	94
	(11,080)	8,539	7,821	11,908	13,075	9,044
	-	(8,539)	(9,569)	(13,327)	(13,446)	(8,998)
	-	-	-	-	9,760	4,940
	-	-	-	-	239	351
	-	-	-	-	-	-
	94	-	-	-	-	1,640
	<u>104</u>	<u>30</u>	<u>(1,748)</u>	<u>(1,266)</u>	<u>9,628</u>	<u>7,071</u>
\$	<u>(3,760)</u>	<u>(4,802)</u>	<u>(2,406)</u>	<u>(13,041)</u>	<u>7,361</u>	<u>5,640</u>
	9.8%	9.6%	10.1%	18.3%	10.3%	2.6%

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>
2005	\$ 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 (1)	25,599	18,706	12,893	57,198
2010	32,031	20,086	5,850	57,967
2011	32,279	20,017	5,345	57,641
2012	30,328	22,652	5,028	58,008
2013	30,113	22,613	5,351	58,077
2014	31,257	23,709	5,578	60,544

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

CITY OF ROSWELL, GEORGIA

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

Fiscal Year	Real Property	Privately Owned Public Utilities	Personal and Business (2)	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (3)	Assessed Value as a Percentage of Actual Value (1)
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%
2014	2,815,902	36,208	1,884,403	301,037	4,435,476	5.455	11,088,690	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
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
2014	2013	9.153	(4.689)	4.464	0.991	5.455	10.211	0.000	10.211

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
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
18.502	0.000	18.502	0.150	34.318

CITY OF ROSWELL, GEORGIA

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

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	Fulton County Board of Education	\$ 67,273	1	1.52%		
City of Roswell	56,951	2	1.28%			
Orion Roswell Associates	30,788	3	0.69%			
Calibre Creek Apartment Partners	28,551	4	0.64%	33,544	2	0.90%
Kimberly-Clark Corp	23,356	5	0.53%	-	-	-
Mansell Office, LLC	19,320	6	0.44%	-	-	-
Northmeadow Investors LLC	17,910	7	0.40%	-	-	-
AMIREIT	17,023	8	0.38%	-	-	-
Fulton County Board of Education	16,144	9	0.36%	-	-	-
Fulton County	15,940	10	0.36%	-	-	-
Weeks Realty	-	-	-	35,334	1	0.94%
Walmart/Sam's Club/K-Mart Place	-	-	-	23,353	3	0.62%
Prudential Ins Company of America	-	-	-	8,159	4	0.22%
Tahoe North	-	-	-	7,456	5	0.20%
North Fulton Hospital	-	-	-	6,598	6	0.18%
Phoenix	-	-	-	6,355	7	0.17%
Colonil Properties	-	-	-	5,824	8	0.16%
Home Depot USA	-	-	-	4,686	9	0.13%
Mrs. Edith W. Spruill	-	-	-	4,792	10	0.13%
Totals	<u>\$ 293,256</u>		<u>6.61%</u>	<u>\$ 136,101</u>		<u>3.63%</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
2005	\$ 20,196	\$ 19,337	95.75%	\$ 846	\$ 20,183	99.94%
2006	21,146	20,776	98.25%	348	21,124	99.90%
2007	22,557	22,119	98.06%	418	22,537	99.91%
2008	23,372	22,892	97.95%	451	23,343	99.88%
2009	24,278	23,279	95.89%	952	24,231	99.81%
2010	24,449	23,737	97.09%	641	24,378	99.71%
2011	23,814	22,868	96.03%	874	23,742	99.70%
2012	22,335	21,761	97.43%	482	22,243	99.59%
2013	21,635	21,294	98.42%	166	21,460	99.19%
2014	22,245	21,849	98.22%	-	21,849	98.22%

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			
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
2014	18,359	1,445	19,804	213	20,017	0.52%	213

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)
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
2014	18,359	4,121	14,237	0.13%	151

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, 2014 (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	\$ 102,740	8.10%	\$ 8,322
City of Roswell direct debt	19,804	100.00%	19,804
Total direct and overlapping debt	\$ 122,544		\$ 28,126

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)

	2005	2006	2007	2008
Debt limit (10% of total assessed value)	\$ 387,165	\$ 395,940	\$ 425,911	\$ 475,489
Total net debt applicable to limit	48,241	41,343	35,473	29,629
Legal debt margin	\$ 338,924	\$ 354,597	\$ 390,438	\$ 445,860
Total net debt applicable to the limit as a percentage of debt limit	12.46%	10.44%	8.33%	6.23%

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.

	2009	2010	2011	2012	2013	2014
	\$ 518,848	\$ 511,716	\$ 490,308	\$ 478,893	\$ 471,029	\$ 473,651
	24,255	19,055	13,685	8,601	13,130	14,238
	\$ 494,593	\$ 492,661	\$ 476,623	\$ 470,292	\$ 457,899	\$ 459,413
	4.67%	3.72%	2.79%	1.80%	2.79%	3.01%
Assessed Value						\$ 4,435,476
Add back: exempt real property						301,037
Total assessed value						4,736,513
Debt limit (10% of total assessed value)						473,651
Debt applicable to limit:						
General obligation bonds						18,359
Less: Amount set aside for repayment of general obligation debt						(4,121)
Total net debt applicable to limit						14,238
Legal debt margin						\$ 459,414

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
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
2014	94,034	3,846,273	40,903	36.80	14,869	8.16

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	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Kimberly-Clark Corporation	1,312	1	2.57%	1,311	1	2.63%
Verizon Wireless	910	2	1.78%	-	-	-
North Fulton Regional Hospital	820	3	1.61%	645	3	1.29%
GM IT Innovation Center	700	4	1.37%	-	-	-
City of Roswell	556	5	1.09%	750	2	1.50%
Wal-mart Supercenter # 1578	296	6	0.58%	430	4	0.86%
Roswell Nursing & Rehabilitation	277	7	0.54%	-	-	-
Verizon Wireless	267	8	0.52%	-	-	-
Promethean Inc	207	9	0.41%	-	-	-
Applerouth Tutoring Services	185	10	0.36%	-	-	-
Witness Systems	-	-	-	411	5	0.82%
Accu-Tech	-	-	-	300	6	0.60%
The Kroger Company	-	-	-	291	7	0.58%
United Parcel Services	-	-	-	235	8	0.47%
Target	-	-	-	231	9	0.46%
Kohl's Department	-	-	-	228	10	0.46%
Total	<u>5,530</u>		<u>10.83%</u>	<u>4,832</u>		<u>9.67%</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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
City Administrator	3	3	3	3	2	3	3	3	3	3
City Hall	6	6	6	8	8	8	9	9	9	9
Community Information	4	4	4	4	3	4	4	4	4	5
Court Services	18	18	18	20	20	20	16	17	16	3
General Administration	8	8	8	8	6	6	5	6	5	5
Governing Body	3	3	3	3	2	2	2	2	2	1
Human Resources	5	5	5	5	4	3	3	3	4	4
Legal	3	3	3	3	3	3	3	3	3	3
Risk Management	1	1	1	1	2	-	1	1	1	1
Worker's Compensation	-	-	-	-	-	-	1	1	1	1
Benefits Manager	-	-	-	-	-	-	1	1	1	1
Strat. Planning and Budgeting	3	3	3	3	3	3	3	-	-	-
IT (formerly MIS)	-	-	-	-	8	8	9	9	7	7
Finance										
Accounting	8	8	9	8	8	5	4	4	4	3
Finance - Administration	3	3	2	2	2	2	3	3	3	3
Treasury	-	-	-	-	-	-	1	1	-	-
Accounts Payable	-	-	-	-	-	3	-	-	-	-
Cash Disbursement	-	-	-	-	-	-	3	3	3	3
Accounts Receivable	-	-	-	-	-	-	6	6	6	7
Cash Receipting	-	-	-	-	-	-	3	3	3	2
Purchasing	5	5	5	4	4	4	3	3	3	2
IT (formerly MIS)	5	6	8	8	-	-	-	-	-	-
Tax Administration	4	4	4	4	5	5	-	-	-	-
Utility Billing	4	4	4	6	5	5	-	-	-	-
Strat. Planning and Budgeting	-	-	-	-	-	-	-	3	3	2

Source: City Budget Office

Continued

CITY OF ROSWELL, GEORGIA

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Criminal Investigations	21	21	18	19	21	21	23	23	20	22
Jail/Detention	27	27	28	31	33	34	34	33	18	16
Patrol	81	81	80	84	90	86	79	77	78	78
Police-Admin Services	16	16	2	2	2	2	3	3	2	3
Police - Bldg Maintenance	1	1	-	-	-	-	-	-	-	-
Police - Support Services	7	7	23	25	23	24	25	27	35	26
Special Operations	10	10	11	8	10	13	11	12	5	15
Traffic Control	13	13	13	12	9	10	13	12	16	13
E-911	19	19	19	19	18	19	19	22	20	18
Fire										
Administration	-	-	2	2	2	2	2	2	2	2
Fire	4	4	3	4	4	6	6	6	6	7
Fire Training	1	1	1	1	1	1	1	1	1	1
Fire Marshal	10	10	9	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	2
Support Services	45	45	43	43	43	22	22	38	38	38
Parks	47	49	49	54	54	51	51	56	56	58
Barrington Hall	-	1	1	1	1	1	1	1	1	1
Bulloch Hall	1	1	1	1	1	1	1	1	1	1
Smith Plantation	1	1	1	1	1	1	1	1	1	1
Cultural Arts	2	2	2	2	2	2	2	2	2	2
Historic & Cultural Affairs	1	1	1	1	1	1	1	1	1	1
Environmental										
Administration	-	-	2	2	2	2.15	2.15	2	2	2
Environmental	4	5	3	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	2	5	4	4	4	6.75	6.75	9	12	11

Continued

CITY OF ROSWELL, GEORGIA

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Community Development										
Administration	-	-	3	3	3	3	3	3	4	1
Building Inspections	5	5	5	5	4	-	4	5	-	-
Code Enforcement	4	4	5	5	6	-	6	6	-	-
Support Services	11	11	7	7	6	2	2	2	2	3
Economic Development	1	1	2	2	2	4	4	2	-	-
Engineering	10	10	10	9	6	-	1	6	7	7
GIS	3	3	3	3	3	3	3	4	4	4
Licensing	2	2	2	2	2	1	1	1	1	1
Planning & Zoning	11	11	11	11	9	13	13	7	7	7
Transportation										
Transportation	9	10	7	7	11	8	8	8	8	7
Trans/PW Facility	7	8	8	-	-	-	-	-	-	-
Administration	-	-	3	3	3	3	4	4	4	4
Street Maintenance	34	31	31	31	31	31	31	31	28	29
Land Acq. & Development	-	-	-	-	-	-	-	3	3	3
Traffic Engineering	19	15	15	22	16	20	18	18	18	17
Water										
Administration	1	1	1.9	1.9	0.9	1.3	1.3	2.05	2.05	2.05
Distribution	10	10	9.25	9.25	9	10	9	9	9	9
Water Plant	6	6	5.75	5.75	6	7	7	7	7	7
Solid Waste										
Administration	5	5	4.85	4.85	4.85	4.5	4.5	4.5	4.4	4.4
Public Education	1	1	0.75	0.75	0.75	0.55	0.55	0.55	0.55	0.55
Residential Collection	39	39	33	34	35	34	34	34	34	33
Commercial Collection	8	8	8	8	7	8	8	8	8	7
Yard Trimmings Collection	12	12	-	-	-	-	-	-	-	-
Recycling Center	6	6	6	5	6	6.25	6.25	6.25	6.25	6.25
	609	615	598	613	606	574	580	608	578	556

CITY OF ROSWELL, GEORGIA

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Calls for service	91,717	99,692	108,947	106,948	93,651	108,864	102,864	85,216	67,386	69,939
Traffic stops	26,399	33,433	36,896	34,139	33,320	43,457	43,090	28,885	17,867	19,964
Part 1 Crimes Index Rate	28.6	31.7	26.6	31.6	31.9	26.2	23.7	23.6	24.9	22.9
Fire										
Fire Calls	1,905	1,914	2,142	2,030	1,965	2,103	2,104	2,301	2,802	3,121
Fires extinguished	258	310	288	242	191	197	203	198	185	162
EMS Calls	3,656	4,384	4,082	4,102	4,100	4,364	5,101	4,795	5,251	5,225
Community development										
Building permits issued	4,484	4,491	4,694	4,155	3,423	3,912	3,798	4,068	3,382	2,351
Refuse collection										
Household garbage collected-tons per year	18,519	18,256	22,045	21,803	21,164	18,872	19,080	18,645	19,128	18,964
Curbside recycling collected-tons per year	5,602	5,931	5,913	6,404	6,398	8,251	7,086	6,766	6,726	6,893
Yard waste collected-tons per year	9,825	8,074	7,225	7,997	8,024	7,386	8,712	8,140	7,872	8,376
Recycling from recycle center-tons per year	3,617	3,228	3,617	3,022	2,639	2,438	2,056	1,586	1,811	1,695
Parks and recreation										
Registered participants (1)	186,263	187,200	191,244	189,104	196,716	191,448	33,694	34,722	33,843	33,567
Park acres maintained	850	890	907	890	917	917	917	918	918	912
Participant Visits	725,909	668,517	697,189	691,501	712,321	719,012	-	-	-	-
Spectator Visits	456,151	412,921	430,914	362,627	408,360	409,840	-	-	-	-
Facility Visits	755,521	836,736	848,103	916,733	906,812	952,368	-	-	-	-
Total Point of Sale Participants (1)	-	-	-	-	-	-	102,971	122,170	11,624	98,111
Total Facility Rentals (1)	-	-	-	-	-	-	1,725	1,707	1,642	2,236
Water										
Water production in MGD	387.31	350.32	416.92	417	328	373	371	351	368	388
Sanitation										
Number of residential customers	22,885	23,221	23,840	24,309	23,807	25,080	25,146	25,230	25,232	25,360
Number of commercial customers	1,115	1,216	1,285	1,115	1,203	1,201	836	892	1,002	892

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Vehicles (1)	31	31	53	53	54	54	54	54	54	54
Buildings	30	30	30	30	30	30	30	30	30	30
Police										
Vehicles (2)	138	138	150	150	157	157	157	157	158	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	4452	4452	4452	4452	4452	4452	4530	4530
Parks and recreation										
Acreage	890	890	901	901	901	917	917	917	917	917
Parks and playgrounds	19	19	19	19	19	19	19	19	19	19
Athletic fields	43	43	43	43	43	44	44	44	44	44
Recreational buildings	9	9	9	9	9	9	9	9	9	9
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	34	34	34	34	34	34	34	34	34	34
Transportation										
Paved roads in miles	360	360	373	373	373	373	373	373	385	385
Traffic signals	144	145	145	145	145	145	145	145	152	152
Water										
Water mains (miles)	200	200	201	201	201	201	201	201	201	201
Water plant	1	1	1	1	1	1	1	1	1	1

Sources: City of Roswell capital asset inventory system.

(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, 2014, 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, 2014.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as item 2014-002, to be a material weakness.

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 2014-001.

City's Responses to Findings

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 23, 2014



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") 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, 2014. 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, 2014.

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

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, 2014

CITY OF ROSWELL, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Total Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grant	14.218	B-13-MC-13-0018	\$ 159,154
Passed through the Cobb County, Georgia: Home Investment Partnerships Program	14.239	H13-RM-WM-R9-RA-RC	3,204
Total U.S. Department of Housing and Urban Development			162,358
U.S. DEPARTMENT OF JUSTICE			
Bullet Proof Vest Partnership Program	16.607	OMB # 1121-0235	3,000
Bullet Proof Vest Partnership Program	16.607	OMB # 1121-0235	4,095
Total Bullet Proof Vest Partnership Program			7,095
Edward Byrne Memorial Justice Assistance Grant	16.738	2012-DJ-BX-0728	13,511
Edward Byrne Memorial Justice Assistance Grant	16.738	2012-DJ-BX-0515	10,604
Total Edward Byrne Memorial Justice Assistance Grant			24,115
Equitable Sharing Program	16.922	GA0600500	250,559
Total U.S. Department of Justice			281,769
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through the Georgia Department of Transportation:			
Highway Planning and Construction	20.205	PI # 0000265	109,043
Highway Planning and Construction	20.205	PI # 0010419	111,181
Highway Planning and Construction	20.205	PI # 0010866	39,291
Highway Planning and Construction	20.205	PI # 0010880	106,097
Highway Planning and Construction	20.205	PI # 0009640	97,789
Highway Planning and Construction	20.205	PI # 0012630	44,618
Highway Planning and Construction	20.205	PI # 0006820	287,785
Highway Planning and Construction	20.205	PI # 0006821	113,881
Total Highway Planning and Construction Grant			909,685
Total U.S. Department of Transportation			909,685
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through the Georgia Emergency Management Authority:			
Hazard Mitigation Grant	97.039	FEMA-DR-4165-DR-GA	8,782
Total U.S. Department of Homeland Security			8,782
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Congressionally Mandated Projects	66.202	00D15213	11,062
Total U.S. Environmental Protection Agency			11,062
Total Expenditures of Federal Awards			\$ 1,373,656

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, 2014

(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, 2014, 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	\$ 30,719
Community Development Block Grant	14.218	Drake House	36,751
Community Development Block Grant	14.218	North Fulton Housing Initiative	42,839
Community Development Block Grant	14.218	North Fulton County Charities	27,052
Community Development Block Grant	14.218	Senior Services	8,785
Total Community Development Block Grant			<u>\$ 146,146</u>

CITY OF ROSWELL, GEORGIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

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

Financial Statements

Type of auditor's report issued Unmodified

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

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

Noncompliance material to financial statements noted? X yes no

Federal Awards

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

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

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

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

CITY OF ROSWELL, GEORGIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

**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>
20.205	Highway Planning and Construction

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, 2014

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2014-001 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 and CDBG Grant Fund.

Context/Cause: The City was not adopting and operating under balanced budgets as follows:

- The City's final State Grants Fund's budget was set to utilize fund balance of approximately \$946,000 to fund current period expenditures. At the time the budget was amended, the State Grants Fund's fund balance was approximately \$417,000.
- The City's final adopted CDBG Grants Fund's budget was set to utilize fund balance of approximately \$92,000 to fund current period expenditures. At the time the budget was amended, CDBG Grants Fund's fund balance was an approximate \$104,000 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, 2014

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2014-001 Governmental Fund Budgets (Continued)

Auditee's Response: We concur with the finding. Specific grants agreements were approved in prior fiscal years. The expenditure budgets rolled into fiscal year ended June 30, 2014 based on the program length budget. However, the revenue budgets did not roll forward as expected. The City is working internally to better utilize our software to 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, 2014

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2014-002 Revenue Recognition

Criteria: Internal controls should be in place to ensure that the amounts reported as receivables and revenues are appropriate and properly valued in accordance with generally accepted accounting principles.

Condition: Material misstatements were detected in the reporting of the City's revenues and related receivables.

Context/Cause: During our testing, audit adjustments were required to properly report the City's revenues and related receivables. The nature of these adjustments is as follows:

- An adjustment of approximately \$104,000 was required to reduce the current year business license revenues of the General Fund for outstanding billed licenses which were not collected within the City's sixty (60) day recognition period. As such, the accrued revenues were adjusted to report the appropriate deferred inflow of resources.
- An adjustment of approximately \$108,000 was recorded in the State Grants Fund to reduce current year revenues which the City did not collect within the sixty (60) day recognition period. The entry was required to reduce the accrued grant revenues and report deferred inflows of resources.
- An adjustment of approximately \$23,000 was required in the Federal Grants Fund to reduce intergovernmental receivables and the related deferred inflows of resources for grant reimbursements which were filed in excess of allowable current year expenditures. As the project is a reimbursement based grant, the reimbursements exceeded project costs by the \$23,000 and should not be reported as accrued revenues.
- Adjustments of approximately \$1,007,000 were required in the Capital Projects Fund to correct the reporting of intergovernmental grant revenues for a joint Department of Transportation project with other local governments. The City incurred expenditures in the prior year for which revenues in the amount of \$725,000 were not accrued and were considered available. An adjustment was posted to reduce current year revenues by the \$725,000 and report the restatement of opening fund balance to recognize the revenues in the prior year. Additionally, there were current year expenditures of approximately \$282,000 for which the City was not recognizing the appropriate receivable and revenues.

CITY OF ROSWELL, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2014-002 Revenue Recognition (Continued)

- An adjustment of approximately \$52,000 was required in the Debt Service Fund to recognize property tax revenues which were considered available as of June 30, 2014.

Effects: Total misstatements related to revenue and receivable recognition were approximately \$1,294,000 for the year ended June 30, 2014.

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

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

CITY OF ROSWELL, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted

CITY OF ROSWELL, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

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.

Status: We have established a separate bank account for the ESP funds and are now maintaining a disbursement log to track the disbursements from the account.

CITY OF ROSWELL, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

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.fsr.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.

Status: We have implemented procedures to ensure all applicable subawards are timely reported as required under the Federal Funding Accountability and Transparency Act.