

2018

City of

Roswell

Comprehensive Annual
Financial Report

For The Fiscal Year Ended
June 2018



CITY OF ROSWELL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2018

Prepared By:
The City of Roswell Finance Department

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CITY OF ROSWELL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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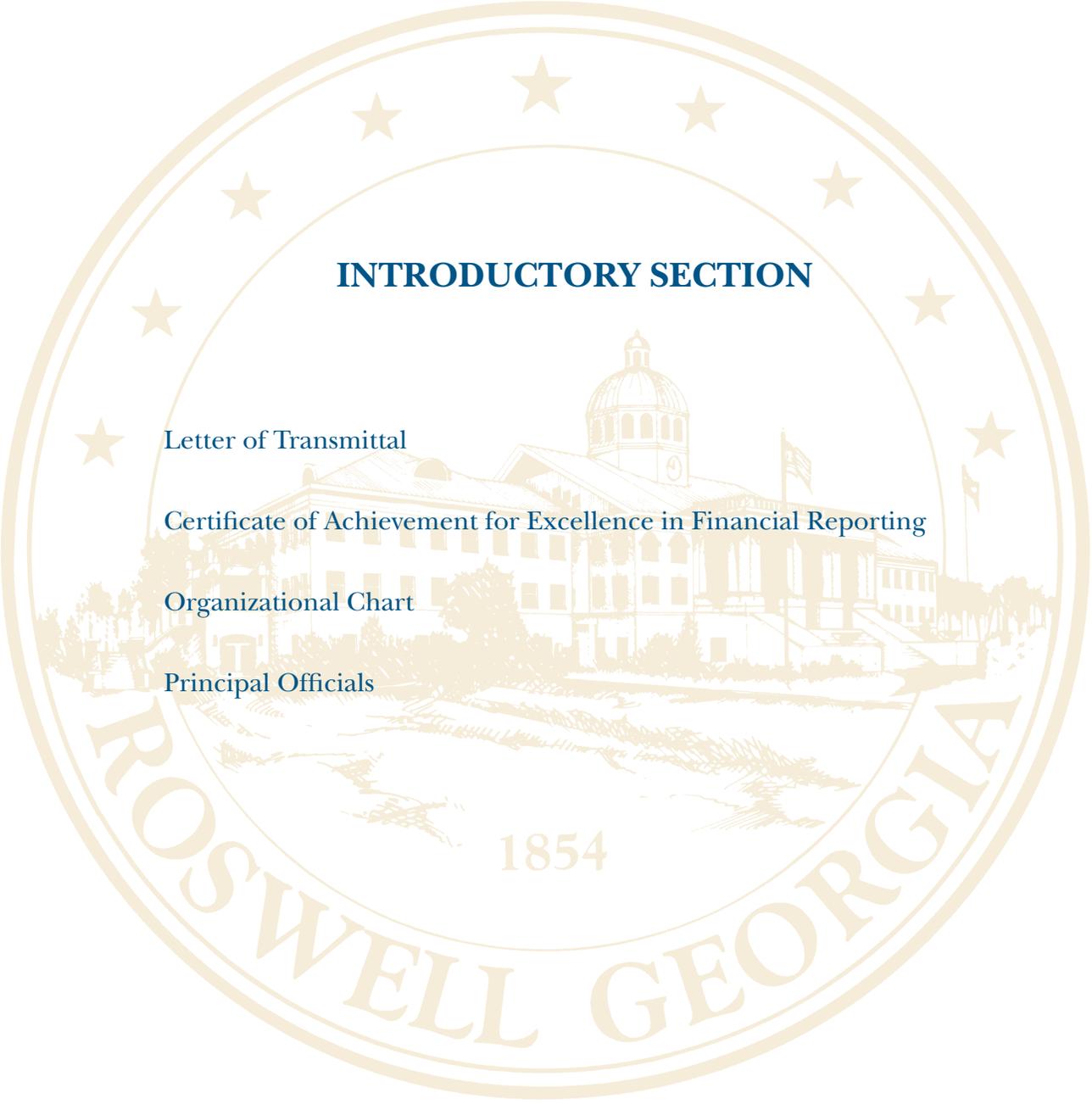
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INTRODUCTORY SECTION

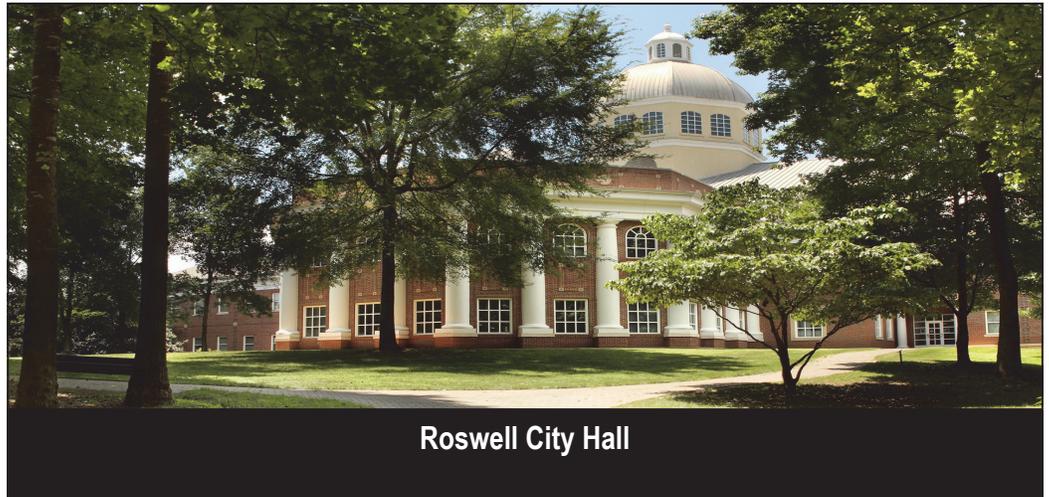
Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

Principal Officials

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



Roswell City Hall

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, 2018 (FY18). This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. We believe the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the City. All disclosures necessary to enable the reader to gain a full understanding of the City's financial activities have been included. The management of the City is responsible for establishing and maintaining an effective internal control structure. In developing and evaluating the City's accounting system, consideration is given to the adequacy of its system of internal control. We believe the City's internal controls adequately safeguard assets and provide reasonable assurance for proper recording of financial

transactions.

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

The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for FY18 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 and its component units' financial statements for the fiscal year ended June 30, 2018 are fairly presented and conform to accounting principles generally accepted in the United States of

America. The independent auditor's report is presented as the first component of the financial section of this report.

The City receives federal financial assistance through various federal grant programs. An audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and "Government Auditing Standards," issued by the Comptroller General of the United States, is typically performed each year. The required reports are included in the Compliance 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 Roswell Economic Development & Tourism, Inc. and Downtown Develop-

ment Authority are reported as discretely presented component units at June 30, 2018.

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 Council meetings.

The City of Roswell, Georgia is located in northern Fulton County, 20 miles north of the City of Atlanta. Fulton County is the central and most populous county in

Georgia. The City of Roswell has a land area of 42 square miles and has an unparalleled quality of life for its 94,786 residents.

The City of Roswell provides a full range of services to its citizens. These services include police and fire protection; public works; court system; 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 and citizen newsletter. Wastewater treatment is provided to 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

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



Chattahoochee River



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

distinguishes Roswell as a very special community. Roswell is a unique place...a progressive City with a small-town feel and a strong sense of family and community. Roswell is brimming with many of the amenities found in larger cities yet it has retained its charm and friendly atmosphere.

Roswell's recreation and parks services are second to none in the State of Georgia. From the hundreds of programs offered to residents to the City's beautiful trail system, no other park system in the state matches Roswell's. Roswell has over 1,000 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. In FY18, the City of Roswell's Recreation, Parks, Historic & Cultural Affairs Department became the first city in Georgia to be awarded the prestigious National Recreation and Parks Association's Gold Metal Award for Excellence in Parks and Recreation Management in the Class III category by the American Academy of Park and Recreation Administration. For the previous seven consecutive years, the Department was named as a finalist for the National Gold Medal Grand Plaque Award for Excellence in Park and Recreation Management in the Class III category. It has received the Georgia Recreation and Parks

Association Agency of the Year designation for ten years. They have also received the USA Track and Field Georgia Association Green Space Award and were named "Community Wildlife Habitat" by the National Wildlife Federation in 2013.

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

Quality of life for a community begins with a feeling of safety in our homes and in our streets. The City of Roswell is one of the safest cities in Georgia. We are one of fewer than 30 municipal law enforcement agencies in Georgia to have received national accreditation from Commission on Accreditation for Law Enforcement Agencies (CALEA). The

City's 911 Emergency Communications Division was awarded its first Public Safety Communications Accreditation through CALEA in March 2018. The Department is also one of fewer than 150 law enforcement agencies that have received state certification from the Georgia Association of Chiefs of Police.

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

Roswell continues to be a leader in the metro Atlanta area in managing the current and future growth of our wonderful city. We are fortunate to have leaders who concentrate their policy making into solid guidelines for smart growth and development. The Community Development Department is responsible for carrying out these guidelines as well as managing current and long-range planning, code enforcement, and business registration. The City has implemented a number of projects that will enhance our community. These projects include East-West





City of Roswell's Water Plant

Alley Master Plan and Historic District Master Plan.

The City of Roswell works hand-in-hand with Roswell, Inc. in a public/private partnership to promote economic development. 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).

For a community the size of Roswell, there are significant many amenities of which the community can be very proud. The historic downtown includes professional galleries, theaters, and music venues. 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. "Alive in Roswell" entices neighbors and visitors downtown each third Thursday from April 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 opportuni-

ties for culture, history, activity, and connection that make it a great place to be.

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



Houze-Hembree Roundabout

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

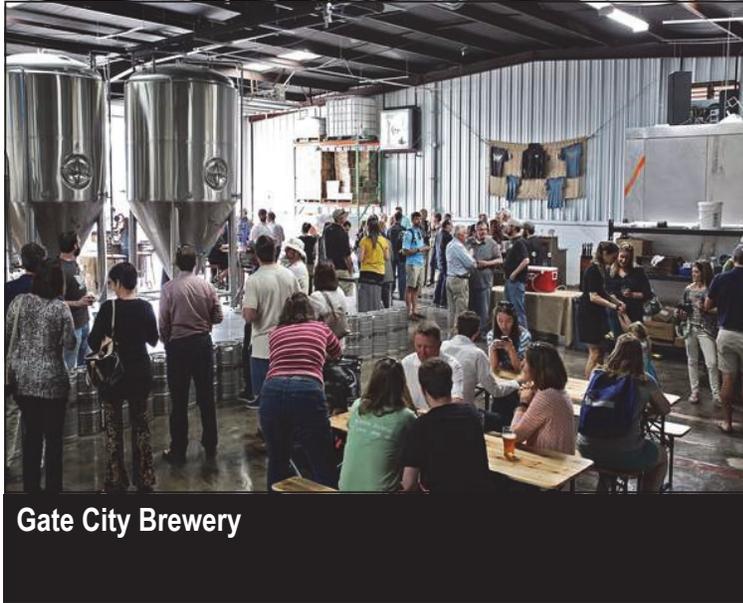
General Fund, Special Revenue Funds, Debt Service, Capital Projects, Permanent and Proprietary Funds. All budgets are not adopted on a basis consistent with generally accepted accounting principles (GAAP). Instead, revenues and expenditures for budgetary purposes are recognized on the encumbrance basis. The City's integrated accounting

and budget system is equipped to perform encumbrance accounting.

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

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





Gate City Brewery

Local Economy

North Fulton County's business climate is characterized by available, affordable buildings and developable sites, a well-educated workforce, and a comprehensive array of business services and benefits.

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

North Fulton County's business climate is characterized by available, affordable buildings and developable sites, a well-educated workforce, and a comprehensive array of business services and benefits. Fully-prepared and beautifully landscaped business parks are located here, providing a range of spaces at competitive leasing rates.

In the past, large population growth would likely result in further sprawl with the expansion of residential neighborhoods and chain-filled shopping centers. Now, however, local municipalities are looking inward and taking stock of their resources. They are reinvesting in current properties and implementing creative new zoning practices that will improve the quality of life within the cities. Roswell's new and

updated UDC, or Unified Development Code, is an invaluable tool in the redevelopment efforts. It allows for mixed-use zoning and simplifies the processes that have hindered new businesses in the past. The aging shopping centers of the 80's and 90's are being converted into office, retail and even residential spaces that allow residents to live, work and play within a walkable area.

Vickers Historic Roswell has brought the live, work, play concept to Historic Roswell. Located at the corner of Canton Street and Woodstock Road, Vickers is a mixed use development featur-

ing 79 residential units, street level retail, restaurants, and office space for lease.

Another planned mixed use project is Roswell Exchange, which will sit on 18.1 acres at the intersection of Alpharetta Hwy and Sun Valley Drive. It will contain restaurants, retail, office space, 300 multifamily units, and bring approximately 400 new jobs to Roswell.

Furthermore, the Georgia 400 Corridor is attracting major businesses to the area in larger numbers and diversity than 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. 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.



Canton Street



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

Financial Planning

Prudent decision-making and good business actions have assisted the City meeting resident’s expectations for City services, sustaining a level of three (3) months of operating expenditures in the general fund and rolling back the M&O property tax millage rates in 2005 and 2018. 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 FY18 budget took into consideration a variety of requests that necessitated difficult decisions. The process focused on responding to the current service levels while maintaining the

City’s assets. The City uses monthly work sessions to keep the Mayor and Council informed and to solicit guidance regarding budget priorities. The City’s Management Team participated in all phases of the budget and the preparation of the staff’s working budget document. The departments were also asked to identify any services that could be streamlined.

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

Over 150 businesses are taking advantage of an exciting business location incentive available in Roswell's expanded Opportunity Zone

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

Over 150 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.

In August 2012, the City implemented its first Strategic Economic

Development Plan (SEDP) under a partnership with Roswell Inc. 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 has been implemented.

Downtown Roswell is a thriving historic center anchored by natural and historic resources. The area centered on Canton Street is home to many local restaurants and boutique retailers in historic buildings. As the downtown has become more active and busy, attention has turned to the area's alleyways which were used irregularly and haphazardly for parking, vehicular and pedestrian circulation and garbage dumpsters. Businesses increasingly saw these typically

unused spaces as useful assets that should be capitalized upon, which motivated the city to create a master plan for these irregular and precious spaces. Based on public and city inputs, the plan created a unique and context-sensitive vision for each of the seven corridors identified. These recommendations included widened sidewalks with space for outdoor dining, branded gateways, infrastructure to support temporary road closures, use of consistent materials and textures, and various parking and circulation modifications all aimed at creating a friendlier, accessible Downtown Roswell. The master plan was adopted by the City in May 2015, along with a first phase implementation plan for improvements to East Alley including permeable pavers for the roadway, brick pavers for expanded sidewalks, removable bollards, tree plantings on Canton Street, and a trash compactor enclosure, among other improvements.



Financial Policies

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

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

13) Accrued Payables; 14) Travel; 15) Prepaids; (16) Fund Equity; and (17) Signing Authority.

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

The City Administrator and the Office of Strategic Planning and

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

Investments are made in accordance with applicable state laws and the City's investment policy. The focus of the investment policy is to minimize credit and market risks while maintaining a competitive yield on the portfolio.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roswell for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a govern-

ment unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ments, and we are submitting it to the GFOA.

The City of Roswell Department of Finance, Purchasing Division was recognized in 2017 by the National Purchasing Institute and received their 13th 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

...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.

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 2017. 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 fourteen fiscal years. The Recreation department was awarded the Gold Medal for Excellence in Park and Recreation Management by the American Academy for Park and Recreation Administration.

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. Appreciation is also expressed to the Mayor and Council and all City department heads for

City Recognition

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
Public Safety Communications accredited 911 Emergency Communications Division through the Commission of Accreditation for Law Enforcement Agencies (CALEA)
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
2017 GMA Live, Work, Play Award recipient

Awards

2017 National Gold Metal Award: Presented by the National Recreation and Parks Association for excellence in parks and recreation management
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, 2004, 2011, and 2017
Tree City USA Award: The National Arbor Day Foundation

their commitment to fiscal responsibility.

Sincerely,



Ryan Lockett
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, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF ROSWELL, GEORGIA

PRINCIPAL OFFICIALS

June 30, 2018

| | |
|-----------------|-------------------------------------|
| Gary Palmer | City Administrator |
| Michael Fischer | Deputy City Administrator |
| Alice Wakefield | Community Development Director |
| Ryan Luckett | Finance Director |
| Rick Burnette | Fire Chief |
| James Harner | Human Resources Director |
| Rusty Grant | Police Chief |
| Dan Skalsky | Public Works/Environmental Director |
| Jeff Leatherman | Recreation and Parks Director |
| Steve Acenbrak | Transportation Director |
| David Davidson | City Attorney |
| Marlee Press | City Clerk |

City of Roswell, Georgia
Elected Officials
June 30, 2018



Lori Henry
Mayor



Marcelo Zapata
Post 1 Councilmember



Mike Palermo
Post 2 Councilmember



Sean Groer
Post 3 Councilmember



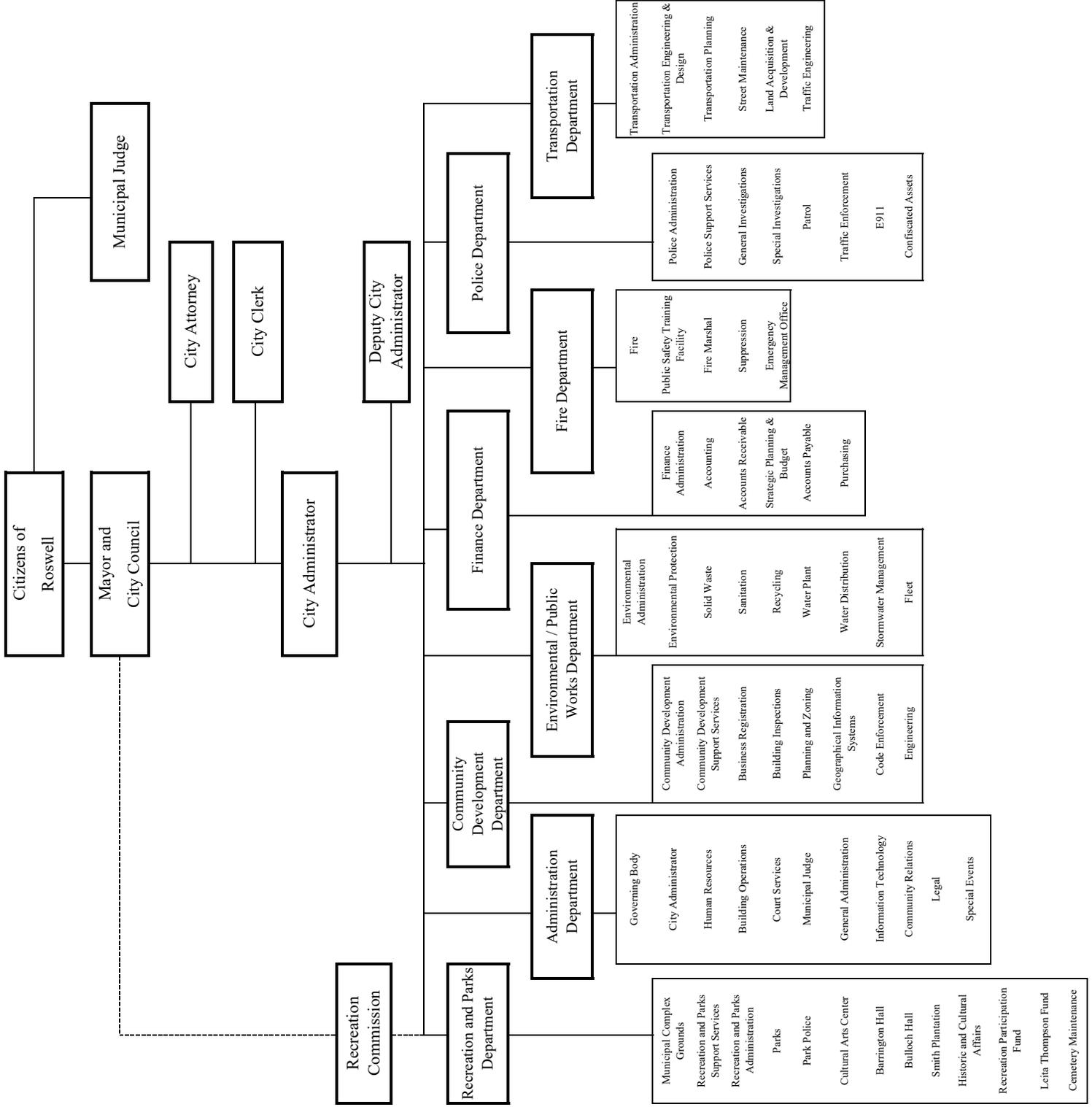
Marie Willsey
Post 4 Councilmember

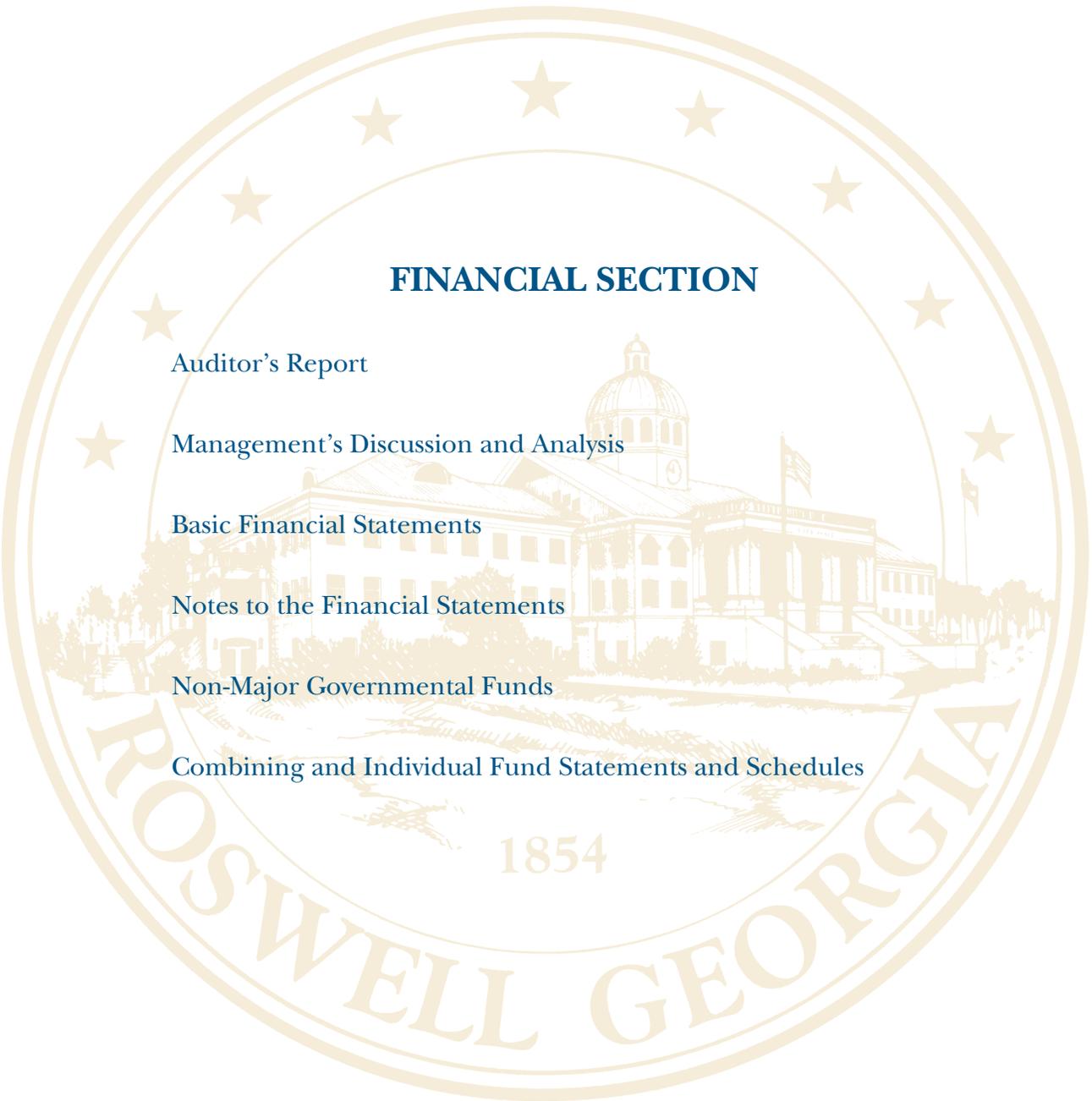


Matthew Tyser
Post 5 Councilmember



Matt Judy
Post 6 Councilmember





FINANCIAL SECTION

Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to the Financial Statements

Non-Major Governmental Funds

Combining and Individual Fund Statements and Schedules

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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, 2018, 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, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund statements and schedules, schedule of projects constructed with proceeds from transportation special purpose local options sales tax, and schedule of expenditures of federal awards (collectively "the supplementary information") 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 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 14, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 14, 2018

Management’s Discussion and Analysis

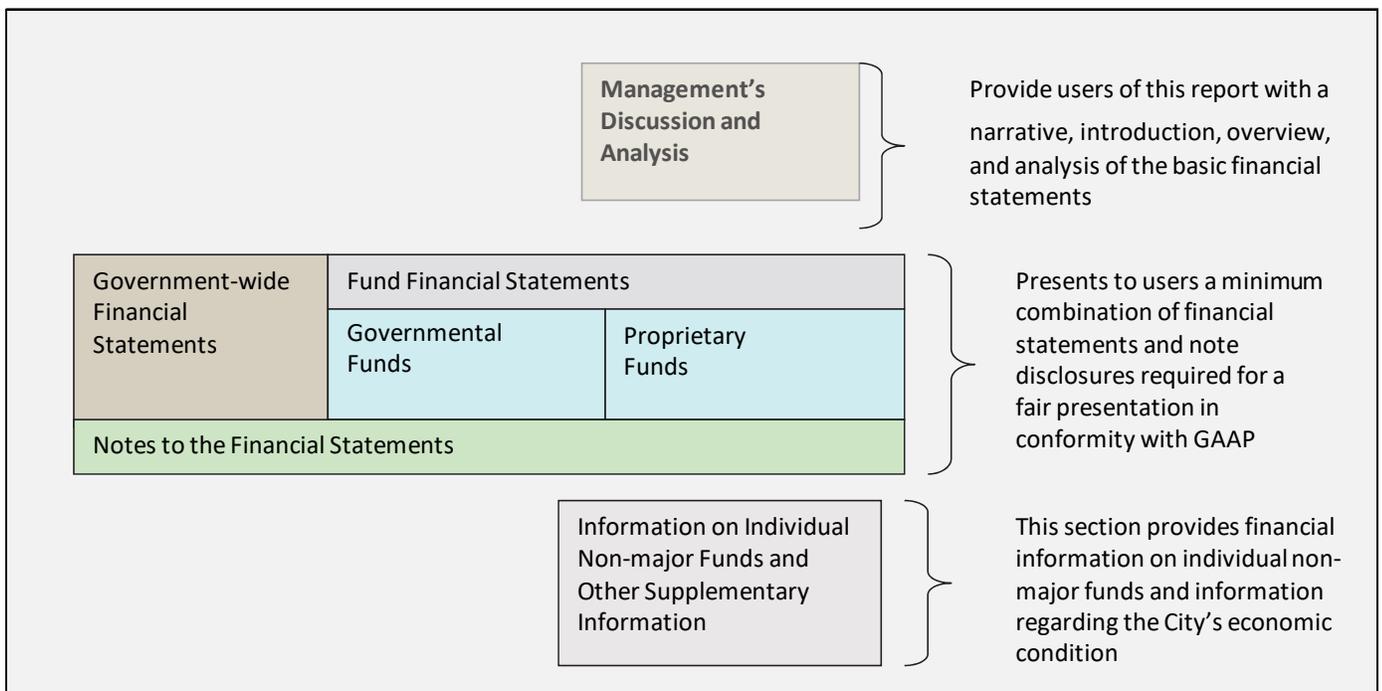
As management of Roswell, Georgia, we offer readers of Roswell’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. This discussion is intended to:

- 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 outflow of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the tax base or the condition of City infrastructure, in addition to the financial information provided in this report.

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

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

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

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

Fund Financial Statements

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

The City has two kinds of funds:

- **Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements. The City maintains four major and 15 non-major governmental funds. The City's major governmental funds are:
 - General
 - Capital Projects
 - Federal Grants
 - T-SPLOST

The City's non-major governmental funds are:

- Confiscated Assets
- Emergency 911
- State Grants
- County and Local Grants
- NSP Grants
- CDBG Grants
- Soil Erosion
- Hotel/Motel Tax
- Leita Thompson
- Impact Fee
- 2000 Bond
- 2013 Bond
- 2014 Bond
- Debt Service
- Scholarship

The basic governmental fund financial statements are presented on pages 18-20 of this report.

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

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

Notes to the Basic Financial Statements

The financial statement includes notes that explain some of the information in the financial statements and provides information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

Budgetary Presentations

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

Supplementary Financial Information

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented as supplementary financial information beginning on page 62.

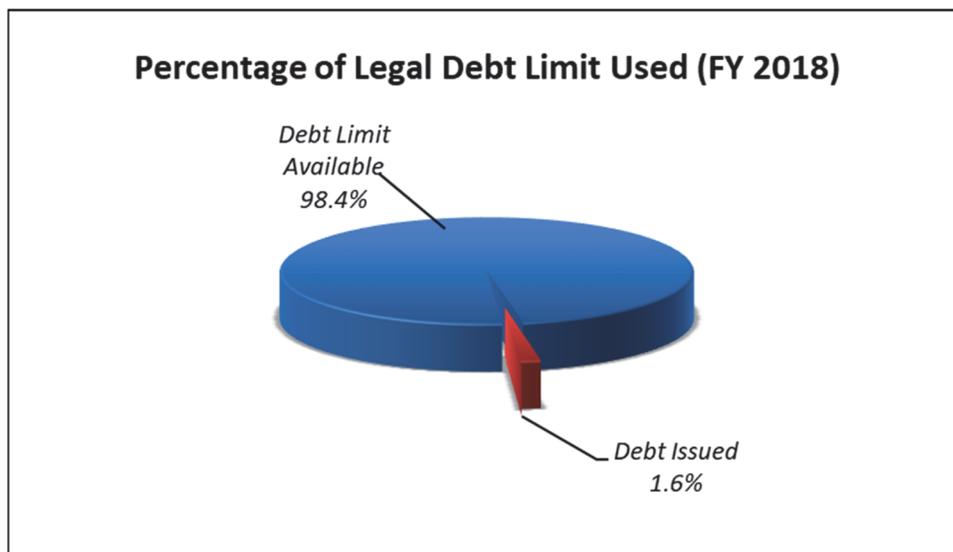
Within this section of the City of Roswell, Georgia's (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$277,430,285 (net position) for the fiscal year reported. Of this amount, \$39,989,689 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- Total net assets are comprised of the following:
 - 1) Capital assets, net of related debt, of \$215,407,017 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 \$22,033,579 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 \$41,012,774 in fiscal year 2017 to \$39,989,689.

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

The City's total long-term bonds decreased by \$1,425,000 during the current fiscal year. The decrease in the net long-term debt was caused by the payment of principal on General Obligation bonds in FY 2018.



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 2018 increased 6.51% from \$260,481,274 at June 30, 2017 to \$277,430,285 at June 30, 2018 (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 | |
|----------------------------------|-------------------------|------------|--------------------------|-----------|------------|------------|---------------------|---------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Assets: | | | | | | | | |
| Current and other assets | \$ 77,838 | \$ 69,714 | \$ 16,983 | \$ 18,356 | \$ 94,821 | \$ 88,070 | 27.56% | 27.41% |
| Capital assets | 212,115 | 196,071 | 37,073 | 37,198 | 249,188 | 233,269 | 72.44% | 72.59% |
| Total assets | 289,953 | 265,785 | 54,056 | 55,554 | 344,009 | 321,339 | 100.00% | 100.00% |
| Deferred outflows of resources | 4,301 | 4,207 | 654 | 740 | 4,955 | 4,947 | 100.00% | 100.00% |
| Liabilities: | | | | | | | | |
| Current liabilities | 8,535 | 7,772 | 3,222 | 3,166 | 11,757 | 10,938 | 17.47% | 16.65% |
| Long-term liabilities | 39,413 | 37,077 | 16,140 | 17,681 | 55,553 | 54,758 | 82.53% | 83.35% |
| Total liabilities | 47,948 | 44,849 | 19,362 | 20,847 | 67,310 | 65,696 | 100.00% | 100.00% |
| Deferred inflows of resources | 3,666 | 92 | 557 | 16 | 4,223 | 108 | 100.00% | 100.00% |
| Net position: | | | | | | | | |
| Net Investment in capital assets | 191,695 | 181,858 | 23,712 | 23,213 | 215,407 | 205,071 | 77.64% | 78.73% |
| Restricted | 22,033 | 14,397 | - | - | 22,033 | 14,397 | 7.94% | 5.53% |
| Unrestricted | 28,911 | 28,795 | 11,078 | 12,218 | 39,989 | 41,013 | 14.41% | 15.75% |
| Total net position | \$ 242,639 | \$ 225,050 | \$ 34,791 | \$ 35,431 | \$ 277,430 | \$ 260,481 | 100.00% | 100.00% |

The largest portion of the City’s net position (77.64%) at June 30, 2018, 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 (7.94%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$39,989,689 or 14.41%) may be used to meet the government’s ongoing obligations to citizens and creditors.

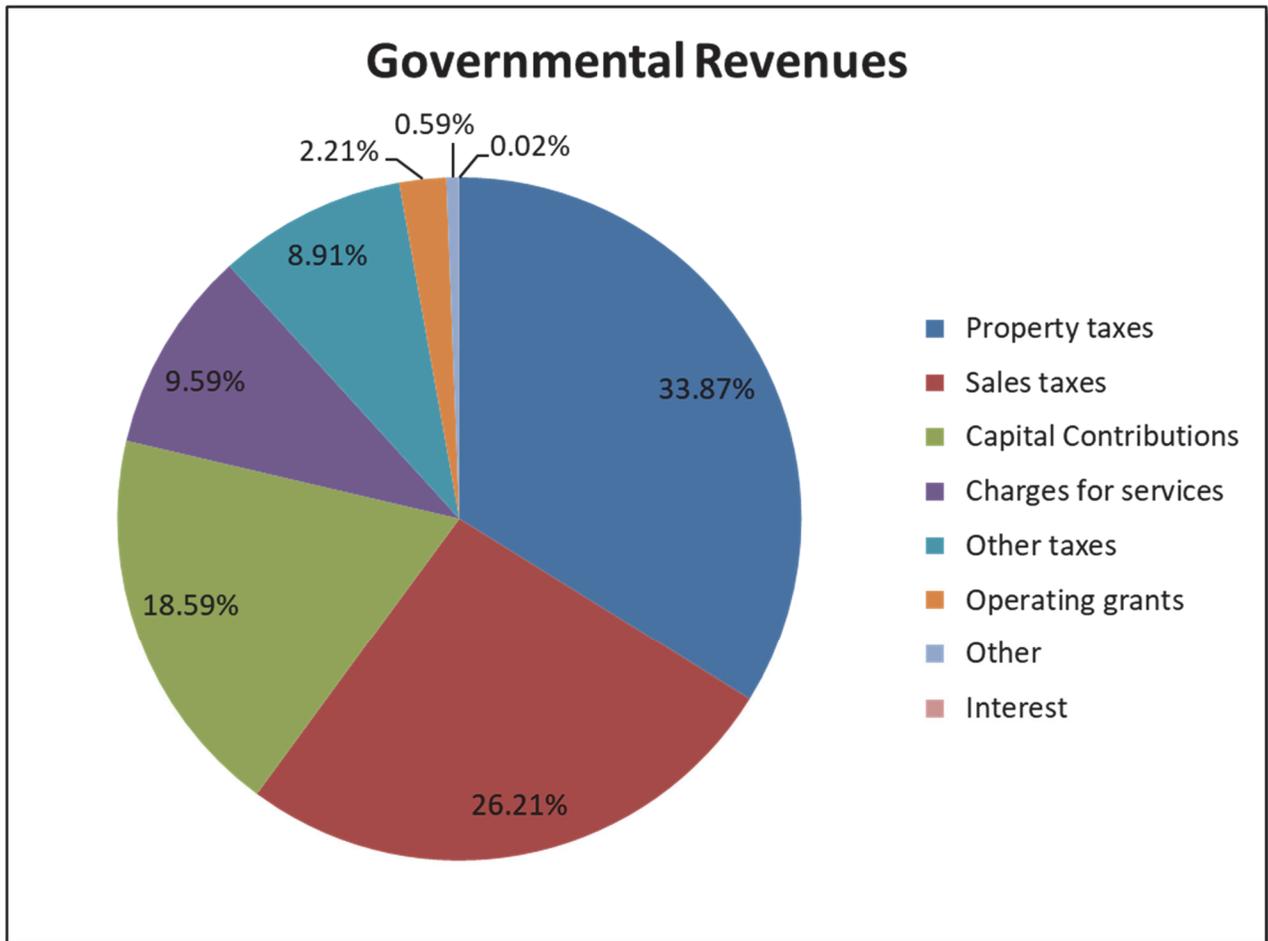
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

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 | |
|---|-------------------------|-------------------|---------------------|------------------|-------------------|-------------------|---------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| <i>Revenues:</i> | | | | | | | | |
| <i>Program:</i> | | | | | | | | |
| Charges for services | \$ 9,448 | \$ 10,962 | \$ 21,534 | \$ 22,530 | \$ 30,982 | \$ 33,492 | 25.80% | 32.18% |
| Operating grants | 2,180 | 1,246 | - | - | 2,180 | 1,246 | 1.82% | 1.20% |
| Capital Contributions | 18,313 | 3,905 | - | - | 18,313 | 3,905 | 15.25% | 3.75% |
| <i>General:</i> | | | | | | | | |
| Property taxes | 33,370 | 33,165 | - | - | 33,370 | 33,165 | 27.79% | 31.87% |
| Sales taxes | 25,827 | 24,369 | - | - | 25,827 | 24,369 | 21.51% | 23.42% |
| Other taxes | 8,783 | 7,800 | - | - | 8,783 | 7,800 | 7.31% | 7.50% |
| Interest | 16 | 50 | (11) | (40) | 4 | 10 | 0.00% | 0.01% |
| Other | 586 | 76 | 25 | - | 611 | 76 | 0.51% | 0.07% |
| Total revenues | 98,523 | 81,573 | 21,548 | 22,490 | 120,070 | 104,063 | 100.00% | 100.00% |
| <i>Program Expenses:</i> | | | | | | | | |
| General government | 12,792 | 12,568 | - | - | 12,792 | 12,568 | 12.40% | 12.66% |
| Judicial | 1,140 | 1,160 | - | - | 1,140 | 1,160 | 1.11% | 1.17% |
| Financial services | 3,160 | 2,822 | - | - | 3,160 | 2,822 | 3.06% | 2.84% |
| Planning and zoning | 3,299 | 3,356 | - | - | 3,299 | 3,356 | 3.20% | 3.38% |
| Public safety | 31,406 | 31,044 | - | - | 31,406 | 31,044 | 30.46% | 31.27% |
| Public works | 13,943 | 12,562 | - | - | 13,943 | 12,562 | 13.52% | 12.65% |
| Culture and recreation | 14,836 | 14,354 | - | - | 14,836 | 14,354 | 14.39% | 14.46% |
| Interest | 301 | 238 | - | - | 301 | 238 | 0.29% | 0.24% |
| Water and sewer | - | - | 4,136 | 3,896 | 4,136 | 3,896 | 4.01% | 3.92% |
| Solid waste | - | - | 10,393 | 9,767 | 10,393 | 9,767 | 10.08% | 9.84% |
| Stormwater | - | - | 2,247 | 2,276 | 2,247 | 2,276 | 2.18% | 2.29% |
| Participant Recreation | - | - | 5,469 | 5,248 | 5,469 | 5,248 | 5.30% | 5.29% |
| Total expenses | 80,877 | 78,104 | 22,244 | 21,187 | 103,121 | 99,291 | 100% | 100% |
| Excess (deficiency) | 17,645 | 3,469 | (696) | 1,303 | 16,949 | 4,772 | | |
| Sale of assets | - | - | - | - | - | - | | |
| Transfers | (56) | (194) | 56 | 194 | - | - | | |
| Change in net position | 17,589 | 3,275 | (640) | 1,497 | 16,949 | 4,772 | | |
| Beginning net position, restated | 225,050 | 221,775 | 35,431 | 33,934 | 260,481 | 255,709 | | |
| Ending net position | \$ 242,639 | \$ 225,050 | \$ 34,791 | \$ 35,431 | \$ 277,430 | \$ 260,481 | | |



GOVERNMENTAL REVENUES

The City's governmental activities are heavily reliant on property taxes and sales taxes to support governmental operations. Property taxes provided 33.87% and sales taxes provided 26.21% of the City's total governmental revenues. Also, note that program revenues cover 30.39% of governmental expenses. This means that the government's taxpayers and the City's other general revenues fund 69.61% 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)

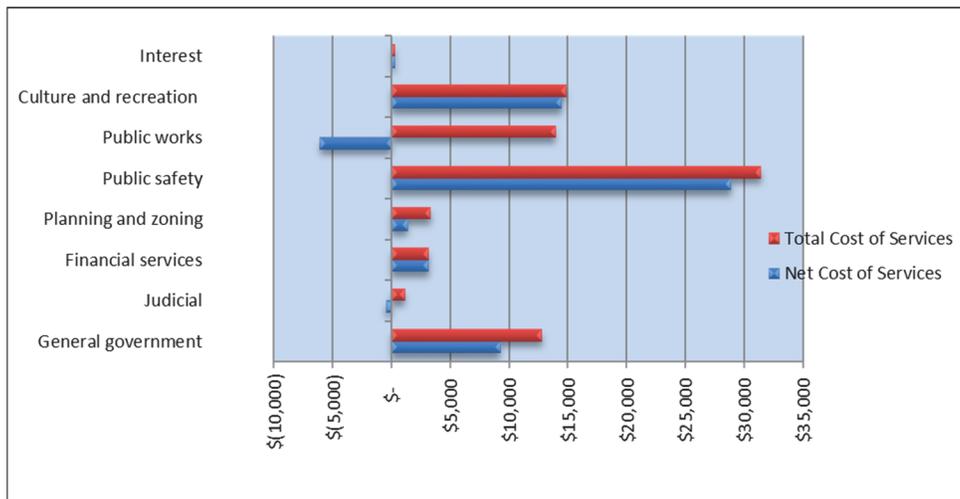
(IN THOUSANDS OF DOLLARS)

| | Total Cost of Services | | Percentage of Total | | Net Cost of Services | | Percentage of Total | |
|-------------------------------|------------------------|------------------|---------------------|----------------|----------------------|------------------|---------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| <i>General government</i> | \$ 12,792 | \$ 12,568 | 15.82% | 16.09% | \$ 9,265 | \$ 9,094 | 18.19% | 14.67% |
| <i>Judicial</i> | 1,140 | 1,160 | 1.41% | 1.49% | (459) | (386) | -0.90% | -0.62% |
| <i>Financial services</i> | 3,160 | 2,821 | 3.91% | 3.61% | 3,160 | 2,822 | 6.20% | 4.55% |
| <i>Planning and zoning</i> | 3,299 | 3,356 | 4.08% | 4.30% | 1,373 | 1,311 | 2.70% | 2.11% |
| <i>Public safety</i> | 31,406 | 31,044 | 38.83% | 39.75% | 28,882 | 28,166 | 56.70% | 45.44% |
| <i>Public works</i> | 13,943 | 12,562 | 17.24% | 16.08% | (6,071) | 6,514 | -11.92% | 10.51% |
| <i>Culture and recreation</i> | 14,836 | 14,354 | 18.34% | 18.38% | 14,484 | 14,231 | 28.44% | 22.96% |
| <i>Interest</i> | 301 | 238 | 0.37% | 0.30% | 301 | 238 | 0.59% | 0.38% |
| Total | \$ 80,877 | \$ 78,103 | 100.00% | 100.00% | \$ 50,936 | \$ 61,990 | 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 38.83% 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 culture and recreation, totaling over \$14,836,273 or 18.34% of governmental expenses.

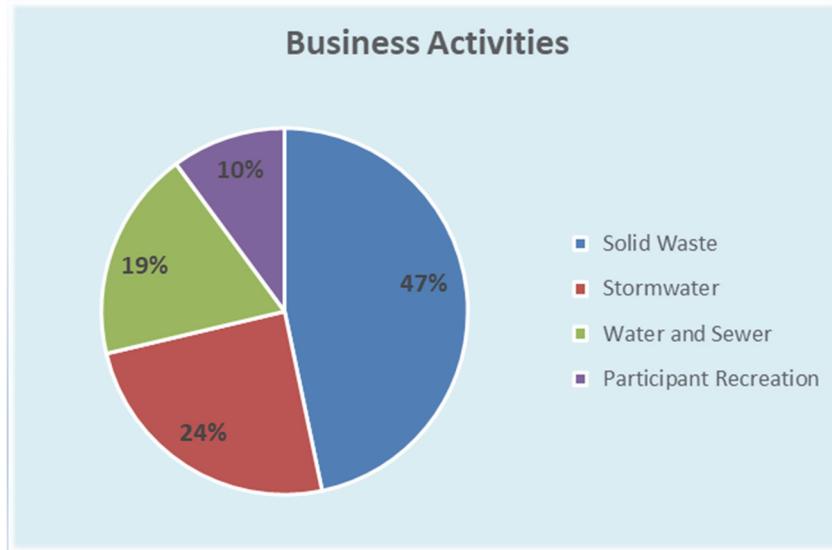
- The cost of all governmental activities this fiscal year was \$80,877,322 compared to \$78,103,473 in fiscal year 2017,
- The revenue amount that paid for most of these activities came from general revenues of the City such as property taxes, sales tax and business taxes (\$67,979,458),
- Some of the costs were paid by those who benefited directly from the programs (\$9,448,414) and subsidies from other governments and organizations through grants and/or contributions (\$20,493,322).



BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The cost of all Proprietary (Business Type) activities this fiscal year was \$22,244,019 as shown in Table 2 (Summary of Changes in Net Position), the amounts paid by the users of the systems were \$21,534,056. Within the total business-type activities of the City, these activities reported a decrease in net position of \$640,009.



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 \$63,285,628. Of this year-end total, \$4,622,192 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, \$17,464,278 is committed in accordance with the fund balance reserve policy.

Major Governmental Funds

The General Fund is the City's primary operating funds and the largest source of day-to-day service delivery. At the end of the current fiscal year, fund balance of the general fund was \$25,130,488. 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 8% of total general fund expenditures.

Total General Fund revenues were \$72,576,290, or 0.04% higher than fiscal year 2017. Investment earnings decreased by \$100,090. Revenue budget projections did not require significant adjustments during the fiscal year.

The Capital Projects Fund reflects an ending fund balance decrease of \$1,033,353. 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.

Total Federal Grant Fund revenues were \$2,367,806 or over 100% higher than fiscal year 2017. The increase is due to several multi-million dollar projects taking place in fiscal year 2018.

The T-SPLOST Fund reflects an ending fund balance of \$14,642,061 an increase of \$11,029,328 from fiscal year 2017. This increase is due to a full year of activity versus a partial year last 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 4.42% below those in fiscal year 2017.

The Water and Sewer Fund's operating revenues are 16.12% below those in fiscal year 2017 and operating expenses were 6.24% more than prior year. The decrease in revenue is from an overall decrease in consumption.

The Solid Waste Fund's operating revenues are 2.44% below than those in fiscal year 2017 and operating expenses were 5.62% more than the prior year.

The Participant Recreation Fund's operating revenues were 1.14% more when compared to the same time in fiscal year 2017. Operating expenses were 3.92% more than prior year.

The Storm Water Fund's operating revenues were 1.19% lower when compared to the same time in fiscal year 2017. Operating expenses were 1.68% less than prior year.

Budgetary Highlights

The General Fund – The General Fund's final approved revenue budget for FY 2018 was \$72,537,238. The original approved revenue budget was \$72,167,238. The City collected \$39,052 more than the approved revenue budget.

The General Fund's final approved expenditure budget for FY 2018 was \$68,949,226. The original approved expenditure budget was \$65,838,405. The City expended 91.10% of the Amended Budget amount. The General Fund actual expenditures were \$6,139,244 less than budgeted. The decrease was mainly due to Administration and Public Safety. The decrease can be attributed to vacant positions and lower than anticipated project costs.

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, 2018, was \$212,114,656 and \$37,073,036 respectively. The major changes to capital assets for FY18 were:

- Completed construction in progress in the governmental activities accounted for a completion of a fire station and various transportation projects.
- Governmental activities increased due to purchases of land for new parks, a historic home and an aerial ladder truck.
- Completed construction in progress for business-type activities added \$439,276 in additions. The major projects was Goulding Place Pavers for Stormwater improvement.
- Business-type activities increased due to completion of several waterline projects.

For more information for governmental and business-type activities on the changes in capital assets, see Note 6-A.

City of Roswell's Capital Assets (Table 4)
(in thousands of dollars)

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Non-depreciable assets: | | | | | | |
| Land | \$ 52,331 | \$ 46,543 | \$ - | \$ - | \$ 52,331 | \$ 46,543 |
| Construction in Progress | 27,306 | 24,612 | 650 | 340 | 27,956 | 24,952 |
| Total non-depreciable assets | 79,636 | 71,155 | 650 | 340 | 80,286 | 71,495 |
| Depreciable assets: | | | | | | |
| Land improvements | 38,151 | 36,763 | 501 | - | 38,652 | 36,763 |
| Buildings and plant | 81,755 | 75,313 | 19,878 | 20,319 | 101,633 | 95,632 |
| Machinery and equipment | 24,320 | 22,398 | 2,361 | 2,305 | 26,681 | 24,703 |
| Vehicles | 23,254 | 22,350 | 5,432 | 5,342 | 28,686 | 27,692 |
| Infrastructure | 139,451 | 132,525 | 21,082 | 19,977 | 160,533 | 152,502 |
| Total depreciable assets | 306,931 | 289,349 | 49,254 | 47,943 | 356,185 | 337,292 |
| Less accumulated depreciation: | 174,452 | 164,433 | 12,831 | 11,086 | 187,283 | 175,519 |
| Net book value-depreciated assets | 132,479 | 124,916 | 36,423 | 36,857 | 168,902 | 161,773 |
| Percentage depreciated | 56.84% | 56.83% | 26.05% | 23.12% | 52.58% | 52.04% |
| Total Capital Assets | <u>\$ 212,115</u> | <u>\$ 196,071</u> | <u>\$ 37,073</u> | <u>\$ 37,197</u> | <u>\$ 249,188</u> | <u>\$ 233,268</u> |

At June 30, 2018, the depreciable capital assets for governmental activities were 56.84% depreciated. Note that the business-type activities are 26.05% depreciated.

Long-term Debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$8,425,576, all of which is backed by the full faith and credit of the City (general obligation bonds).

City of Roswell Long-Term Debt as of June 30, 2018 and 2017

(in thousands of dollars)

| | Governmental | | Business-type | | Totals | |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Activities | | Activities | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Bonds | \$ 8,200 | \$ 9,625 | \$ - | \$ - | \$ 8,200 | \$ 9,625 |
| Plus Premium | 225 | 307 | - | - | 225 | 307 |
| Claims payable | 642 | 713 | - | - | 642 | 713 |
| Compensated absences | 2,591 | 2,513 | 433 | 408 | 3,024 | 2,921 |
| Net pension liability | 15,522 | 18,691 | 2,360 | 3,290 | 17,882 | 21,981 |
| Notes payable | 3,634 | - | 13,347 | 13,984 | 16,981 | 13,984 |
| Capital lease payable | 2,992 | 2,096 | - | - | 2,992 | 2,096 |
| Installment sales agreement | 5,607 | 3,132 | - | - | 5,607 | 3,132 |
| Total | \$ 39,413 | \$ 37,077 | \$ 16,140 | \$ 17,682 | \$ 55,553 | \$ 54,759 |

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

Economic Conditions Affecting the City

Economic measures for both the City and the metropolitan area demonstrate a consistent trend of economic growth and prosperity. Unemployment for the City continues to decline and is among the lowest in the region. Real estate market prices continue on an upward trend with the median home price at \$333,200. The median income for the City is \$87,911 and growth in personal income for the metropolitan area has exceeded five percent in each of the last two years.

A stable real estate market as well as above average levels of affluence help to provide a steady revenue base to support City services. The strength of the City's revenue stream is challenged by the fact that sales tax revenues are sensitive to the overall condition of the economy. Additionally, residential property digest values lag behind market prices meaning that property tax revenues have not kept pace with the improving real estate market.

Contacting the City's Financial Management

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

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BASIC FINANCIAL STATEMENTS

CITY OF ROSWELL, GEORGIA

**STATEMENT OF NET POSITION
JUNE 30, 2018**

| ASSETS | Primary Government | | | Component Units | |
|--|-------------------------|--------------------------|-----------------------|--|--------------------------------|
| | Governmental Activities | Business-type Activities | Total | Roswell Economic Development & Tourism, Inc. | Downtown Development Authority |
| Cash and cash equivalents | \$ 22,705,272 | \$ 5,199,256 | \$ 27,904,528 | \$ 700,938 | \$ 198,155 |
| Investments | 43,423,125 | 5,806,686 | 49,229,811 | - | - |
| Receivables (net of allowance for uncollectibles) | 3,673,792 | 2,296,081 | 5,969,873 | 4,194 | - |
| Taxes receivable | 2,589,811 | - | 2,589,811 | - | - |
| Intergovernmental receivables | 2,386,407 | - | 2,386,407 | - | - |
| Internal balances | 1,266,835 | (1,266,835) | - | - | - |
| Inventories | 118,520 | - | 118,520 | - | - |
| Prepaid items | 660,656 | 45,661 | 706,317 | - | - |
| Notes receivable | 1,013,784 | - | 1,013,784 | - | - |
| Real estate held for development | - | 4,902,198 | 4,902,198 | - | - |
| Capital assets, nondepreciable | 79,636,450 | 649,828 | 80,286,278 | - | - |
| Capital assets, depreciable, net of accumulated depreciation | 132,478,206 | 36,423,208 | 168,901,414 | 10,397 | - |
| Total assets | 289,952,858 | 54,056,083 | 344,008,941 | 715,529 | 198,155 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension related items | 4,300,660 | 653,847 | 4,954,507 | - | - |
| Total deferred outflows of resources | 4,300,660 | 653,847 | 4,954,507 | - | - |
| LIABILITIES | | | | | |
| Accounts payable | 3,926,245 | 1,280,773 | 5,207,018 | 19,618 | - |
| Accrued liabilities | 4,249,542 | 375,064 | 4,624,606 | 11,149 | - |
| Retainage payable | 359,264 | - | 359,264 | - | - |
| Customer deposits payable | - | 974,540 | 974,540 | - | 1,000 |
| Unearned revenue | - | 591,824 | 591,824 | - | - |
| Noncurrent liabilities due within one year | | | | | |
| Compensated absences payable | 1,891,826 | 314,992 | 2,206,818 | - | - |
| Capital leases | 395,143 | - | 395,143 | - | - |
| Installment sales agreement payable | 604,834 | - | 604,834 | - | - |
| Note payable | 362,949 | 646,447 | 1,009,396 | - | - |
| Claims payable | 150,000 | - | 150,000 | - | - |
| Bonds payable | 1,450,000 | - | 1,450,000 | - | - |
| Noncurrent liabilities due in more than one year | | | | | |
| Compensated absences payable | 698,811 | 118,052 | 816,863 | - | - |
| Capital leases | 2,596,693 | - | 2,596,693 | - | - |
| Installment sales agreement payable | 5,001,806 | - | 5,001,806 | - | - |
| Note payable | 3,270,957 | 12,700,098 | 15,971,055 | - | - |
| Claims payable | 492,001 | - | 492,001 | - | - |
| Bonds payable | 6,975,576 | - | 6,975,576 | - | - |
| Net pension liability | 15,522,456 | 2,359,952 | 17,882,408 | - | - |
| Total liabilities | 47,948,103 | 19,361,742 | 67,309,845 | 30,767 | 1,000 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Pension related items | 3,665,963 | 557,355 | 4,223,318 | - | - |
| Total deferred inflows of resources | 3,665,963 | 557,355 | 4,223,318 | - | - |
| NET POSITION | | | | | |
| Net investment in capital assets | 191,694,675 | 23,712,342 | 215,407,017 | 10,397 | - |
| Restricted for: | | | | | |
| Debt service | 2,581,529 | - | 2,581,529 | - | - |
| Environmental | 38,604 | - | 38,604 | - | - |
| Culture and recreation | 742,870 | - | 742,870 | 674,365 | - |
| Transportation | 15,872,173 | - | 15,872,173 | - | - |
| Public safety | 2,294,438 | - | 2,294,438 | - | - |
| Capital projects | 468,659 | - | 468,659 | - | - |
| Scholarship - nonexpendable | 25,000 | - | 25,000 | - | - |
| Scholarship - expendable | 10,306 | - | 10,306 | - | - |
| Unrestricted | 28,911,198 | 11,078,491 | 39,989,689 | - | 197,155 |
| Total net position | \$ 242,639,452 | \$ 34,790,833 | \$ 277,430,285 | \$ 684,762 | \$ 197,155 |

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

CITY OF ROSWELL, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

| Functions/Programs | Program Revenues | | | |
|--|-------------------------|-----------------------------|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 12,791,708 | \$ 3,425,425 | \$ 101,286 | \$ - |
| Judicial | 1,140,296 | 1,599,576 | - | - |
| Financial services | 3,160,328 | - | - | - |
| Public safety | 31,405,818 | 2,390,768 | 111,870 | 20,945 |
| Public works | 13,942,619 | 520,691 | 1,410,446 | 18,082,323 |
| Planning and zoning | 3,299,329 | 1,415,731 | 496,350 | 14,441 |
| Culture and recreation | 14,836,273 | 96,223 | 60,472 | 195,189 |
| Interest on long-term debt | 300,951 | - | - | - |
| Total governmental activities | <u>80,877,322</u> | <u>9,448,414</u> | <u>2,180,424</u> | <u>18,312,898</u> |
| Business-type activities: | | | | |
| Water and sewer | 4,135,528 | 3,976,082 | - | - |
| Solid waste | 10,392,720 | 9,133,803 | - | - |
| Participant recreation | 5,468,983 | 5,313,622 | - | - |
| Stormwater | 2,246,788 | 3,110,549 | - | - |
| Total business-type activities | <u>22,244,019</u> | <u>21,534,056</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 103,121,341</u> | <u>\$ 30,982,470</u> | <u>\$ 2,180,424</u> | <u>\$ 18,312,898</u> |
| Component units: | | | | |
| Roswell Economic Development & Tourism, Inc. | \$ 1,312,919 | \$ 219,756 | \$ 1,234,948 | \$ - |
| Downtown Development Authority | 240,110 | - | 168,540 | - |
| Total component units | <u>\$ 1,553,029</u> | <u>\$ 219,756</u> | <u>\$ 1,403,488</u> | <u>\$ -</u> |
| General revenues: | | | | |
| Property taxes | | | | |
| Sales and use taxes | | | | |
| Hotel/motel taxes | | | | |
| Business taxes | | | | |
| Unrestricted investment earnings (loss) | | | | |
| Gain on sale of capital assets | | | | |
| Contributions not related to specific programs | | | | |
| Miscellaneous | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position, beginning of year | | | | |
| Net position, end of year | | | | |

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

| Net (Expense) Revenue and Changes in Net Position | | | | |
|--|-------------------------------------|-----------------------|---|---|
| Primary Government | | | Component Units | |
| Governmental Activities | Business-type Activities | Total | Roswell Economic Development & Tourism, Inc. | Downtown Development Authority |
| \$ (9,264,997) | \$ - | \$ (9,264,997) | \$ - | \$ - |
| 459,280 | - | 459,280 | - | - |
| (3,160,328) | - | (3,160,328) | - | - |
| (28,882,235) | - | (28,882,235) | - | - |
| 6,070,841 | - | 6,070,841 | - | - |
| (1,372,807) | - | (1,372,807) | - | - |
| (14,484,389) | - | (14,484,389) | - | - |
| (300,951) | - | (300,951) | - | - |
| <u>(50,935,586)</u> | <u>-</u> | <u>(50,935,586)</u> | <u>-</u> | <u>-</u> |
| - | (159,446) | (159,446) | - | - |
| - | (1,258,917) | (1,258,917) | - | - |
| - | (155,361) | (155,361) | - | - |
| - | 863,761 | 863,761 | - | - |
| - | (709,963) | (709,963) | - | - |
| <u>(50,935,586)</u> | <u>(709,963)</u> | <u>(51,645,549)</u> | <u>-</u> | <u>-</u> |
| - | - | - | 141,785 | - |
| - | - | - | - | (71,570) |
| - | - | - | <u>141,785</u> | <u>(71,570)</u> |
| 33,369,987 | - | 33,369,987 | - | - |
| 25,826,749 | - | 25,826,749 | - | - |
| 1,044,822 | - | 1,044,822 | - | - |
| 7,737,900 | - | 7,737,900 | - | - |
| 15,629 | (11,316) | 4,313 | 60 | 37 |
| 463,245 | - | 463,245 | - | - |
| - | 25,000 | 25,000 | - | - |
| 122,544 | - | 122,544 | - | - |
| (56,270) | 56,270 | - | - | - |
| <u>68,524,606</u> | <u>69,954</u> | <u>68,594,560</u> | <u>60</u> | <u>37</u> |
| 17,589,020 | (640,009) | 16,949,011 | 141,845 | (71,533) |
| 225,050,432 | 35,430,842 | 260,481,274 | 542,917 | 268,688 |
| <u>\$ 242,639,452</u> | <u>\$ 34,790,833</u> | <u>\$ 277,430,285</u> | <u>\$ 684,762</u> | <u>\$ 197,155</u> |

CITY OF ROSWELL, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

| ASSETS | Nonmajor Governmental Funds | | | | | Total |
|--|-----------------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
| | General | Capital Projects | Federal Grants | T-SPLOST | Funds | |
| Cash and cash equivalents | \$ 3,831,108 | \$ 2,258,793 | \$ 139,378 | \$ 8,103,226 | \$ 5,667,963 | \$ 20,000,468 |
| Investments | 21,731,192 | 9,689,163 | - | 5,325,978 | 3,775,774 | 40,522,107 |
| Receivables (net of allowance for uncollectibles) | 1,572,976 | 65,708 | - | 1,442,208 | 286,104 | 3,366,996 |
| Taxes receivable (net) | 2,455,126 | - | - | - | 134,685 | 2,589,811 |
| Intergovernmental receivables | - | - | 2,084,263 | - | 302,144 | 2,386,407 |
| Due from other funds | 5,404,007 | 5,709,384 | - | - | - | 11,113,391 |
| Inventories | 118,520 | - | - | - | - | 118,520 |
| Prepaid items | 330,869 | 7,884 | - | - | 21,240 | 359,993 |
| Total assets | \$ 35,443,798 | \$ 17,730,932 | \$ 2,223,641 | \$ 14,871,412 | \$ 10,187,910 | \$ 80,457,693 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 1,147,904 | \$ 1,222,234 | \$ 491,889 | \$ 211,831 | \$ 546,807 | \$ 3,620,665 |
| Accrued liabilities | 2,150,226 | 904 | - | - | 55,849 | 2,206,979 |
| Retainage payable | - | 145,771 | 24,397 | - | 189,096 | 359,264 |
| Due to other funds | 5,709,384 | - | 1,707,955 | 16,620 | 1,652,858 | 9,086,817 |
| Advances from other funds | 705,103 | - | - | - | - | 705,103 |
| Total liabilities | 9,712,617 | 1,368,909 | 2,224,241 | 228,451 | 2,444,610 | 15,978,828 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - taxes | 378,286 | - | - | - | 33,744 | 412,030 |
| Unavailable revenue - other | 222,407 | - | - | - | - | 222,407 |
| Unavailable revenue - intergovernmental | - | - | 517,505 | - | 41,295 | 558,800 |
| Total deferred inflows of resources | 600,693 | - | 517,505 | - | 75,039 | 1,193,237 |
| FUND BALANCES | | | | | | |
| Fund balances: | | | | | | |
| Nonspendable: | | | | | | |
| Prepays | 330,869 | 7,884 | - | - | 21,240 | 359,993 |
| Inventories | 118,520 | - | - | - | - | 118,520 |
| Permanent fund corpus | - | - | - | - | 25,000 | 25,000 |
| Restricted: | | | | | | |
| Public safety | - | - | - | - | 2,278,076 | 2,278,076 |
| Culture and recreation | - | - | - | - | 742,870 | 742,870 |
| Environmental | - | - | - | - | 38,604 | 38,604 |
| Transportation | - | - | - | 14,642,961 | 1,229,212 | 15,872,173 |
| Debt service | - | - | - | - | 2,547,032 | 2,547,032 |
| Capital projects | - | - | - | - | 468,659 | 468,659 |
| Scholarship | - | - | - | - | 10,306 | 10,306 |
| Committed: | | | | | | |
| Culture and recreation | 622,476 | - | - | - | 156,501 | 778,977 |
| Environmental | - | - | - | - | 191,956 | 191,956 |
| Stabilization | 17,464,278 | - | - | - | - | 17,464,278 |
| Assigned: | | | | | | |
| Capital projects - Public Safety Building | 680,322 | 16,354,139 | - | - | - | 17,034,461 |
| General government | 359,858 | - | - | - | - | 359,858 |
| Judicial | 13,090 | - | - | - | - | 13,090 |
| Planning and zoning | 117,508 | - | - | - | - | 117,508 |
| Public safety | 144,767 | - | - | - | - | 144,767 |
| Public works | 59,061 | - | - | - | - | 59,061 |
| Culture and recreation | 38,247 | - | - | - | - | 38,247 |
| Unassigned | 5,181,492 | - | (518,105) | - | (41,195) | 4,622,192 |
| Total fund balances | 25,130,488 | 16,362,023 | (518,105) | 14,642,961 | 7,668,261 | 63,285,628 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 35,443,798 | \$ 17,730,932 | \$ 2,223,641 | \$ 14,871,412 | \$ 10,187,910 | |

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. | 211,924,368 |
| Internal service funds are used by the City to charge cost to other funds. The assets and liabilities are included in the governmental activities | 3,714,624 |
| Notes receivable is not an available resource and, therefore, is not reported in the funds. | 1,052,223 |
| Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds. | 1,193,237 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | (23,972,635) |
| The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds. | (14,557,993) |
| Net position of governmental activities | \$ 242,639,452 |

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

CITY OF ROSWELL, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | General | Capital Projects | Federal Grants | T-SPLOST | Nonmajor Governmental Funds | Total |
|--|----------------------|----------------------|---------------------|----------------------|-----------------------------------|----------------------|
| Revenues: | | | | | | |
| Taxes | \$ 65,684,768 | \$ - | \$ - | \$ - | \$ 2,266,167 | \$ 67,950,935 |
| Licenses and permits | 2,145,828 | - | - | - | - | 2,145,828 |
| Intergovernmental | 136,516 | 1,410,446 | 2,367,806 | 15,957,830 | 513,791 | 20,386,389 |
| Fines and forfeitures | 1,599,576 | - | - | - | 420,664 | 2,020,240 |
| Charges for services | 2,740,769 | - | - | - | 1,975,249 | 4,716,018 |
| Impact fees | - | - | - | - | 494,171 | 494,171 |
| Investment earnings (loss) | (21,398) | 92,126 | - | (44,190) | (6,331) | 20,207 |
| Contributions | 46,952 | 40,265 | - | - | - | 87,217 |
| Miscellaneous | 243,279 | - | - | - | 96,223 | 339,502 |
| Total revenues | <u>72,576,290</u> | <u>1,542,837</u> | <u>2,367,806</u> | <u>15,913,640</u> | <u>5,759,934</u> | <u>98,160,507</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 10,723,948 | 305,333 | 87,146 | - | 1,444 | 11,117,871 |
| Judicial | 1,132,412 | - | - | - | - | 1,132,412 |
| Financial services | 2,485,278 | - | - | - | - | 2,485,278 |
| Public safety | 25,777,289 | - | 19,113 | - | 2,709,576 | 28,505,978 |
| Public works | 7,577,098 | 1,799,442 | 15,644 | - | 5,960 | 9,398,144 |
| Planning and zoning | 2,573,055 | - | 29,095 | - | 446,170 | 3,048,320 |
| Culture and recreation | 10,850,328 | 15,352 | 22,489 | - | 1,382,678 | 12,270,847 |
| Capital outlay | - | 17,479,142 | 2,961,271 | 4,883,412 | 2,592,707 | 27,916,532 |
| Debt service: | | | | | | |
| Principal | 808,202 | 74,708 | - | - | 1,425,000 | 2,307,910 |
| Interest and fiscal charges | 149,841 | 5,839 | - | - | 210,714 | 366,394 |
| Total expenditures | <u>62,077,451</u> | <u>19,679,816</u> | <u>3,134,758</u> | <u>4,883,412</u> | <u>8,774,249</u> | <u>98,549,686</u> |
| Excess (deficiency) of revenues over expenditures | 10,498,839 | (18,136,979) | (766,952) | 11,030,228 | (3,014,315) | (389,179) |
| Other financing sources (uses): | | | | | | |
| Proceeds from sale of capital assets | 1,072,571 | - | - | - | 2,150 | 1,074,721 |
| Issuance of long-term debt | 1,179,032 | 6,708,614 | - | - | - | 7,887,646 |
| Transfers in | 34,421 | 10,395,012 | 769,235 | - | 384,988 | 11,583,656 |
| Transfers out | (10,724,641) | - | - | - | (843,716) | (11,568,357) |
| Total other financing sources (uses) | <u>(8,438,617)</u> | <u>17,103,626</u> | <u>769,235</u> | <u>-</u> | <u>(456,578)</u> | <u>8,977,666</u> |
| Net change in fund balances | 2,060,222 | (1,033,353) | 2,283 | 11,030,228 | (3,470,893) | 8,588,487 |
| Fund balances (deficits), beginning of year | <u>23,070,266</u> | <u>17,395,376</u> | <u>(520,388)</u> | <u>3,612,733</u> | <u>11,139,154</u> | <u>54,697,141</u> |
| Fund balances (deficits), end of year | <u>\$ 25,130,488</u> | <u>\$ 16,362,023</u> | <u>\$ (518,105)</u> | <u>\$ 14,642,961</u> | <u>\$ 7,668,261</u> | <u>\$ 63,285,628</u> |

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

CITY OF ROSWELL, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

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

| | |
|--|----------------------|
| Net change in fund balances - total governmental funds | \$ 8,588,487 |
| 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. | 16,706,301 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. | (611,476) |
| The payments received on notes receivable provide current financial resources to governmental funds, but have no effect on net position. | (125,313) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 24,173 |
| 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. | (5,579,736) |
| 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. | (254,790) |
| 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>(1,158,626)</u> |
| Change in net position - governmental activities | <u>\$ 17,589,020</u> |

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

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CITY OF ROSWELL, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2018

| ASSETS | Water and Sewer | Solid Waste | Participant Recreation | Stormwater |
|---|--------------------|----------------|---------------------------|--------------|
| Current assets: | | | | |
| Cash | \$ 1,549,117 | \$ 1,059,827 | \$ 1,709,984 | \$ 880,328 |
| Investments | 982,479 | 1,919,078 | 1,937,498 | 967,631 |
| Receivables (net of allowance for uncollectibles) | 607,273 | 1,384,063 | 3,789 | 300,956 |
| Prepaid items | 21,357 | 600 | 16,922 | 6,782 |
| Real estate held for development | - | 4,902,198 | - | - |
| Total current assets | 3,160,226 | 9,265,766 | 3,668,193 | 2,155,697 |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Capital assets, not being depreciated | 113,171 | 71,625 | - | 465,032 |
| Capital assets, being depreciated | 35,960,609 | 5,830,684 | 1,534,461 | 5,928,513 |
| Less accumulated depreciation | (8,788,274) | (2,830,028) | (460,779) | (751,978) |
| Advances to other funds | - | 705,103 | - | - |
| Total noncurrent assets | 27,285,506 | 3,777,384 | 1,073,682 | 5,641,567 |
| Total assets | 30,445,732 | 13,043,150 | 4,741,875 | 7,797,264 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension related items | 89,447 | 387,796 | 70,278 | 106,326 |
| Total deferred outflows of resources | 89,447 | 387,796 | 70,278 | 106,326 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 347,922 | 722,882 | 154,078 | 55,891 |
| Accrued expenses | 57,414 | 91,894 | 196,179 | 29,577 |
| Customer deposits payable | 217,632 | 707,783 | 49,125 | - |
| Due to other funds | - | 698,633 | 795,458 | - |
| Unearned revenue | - | - | 591,824 | - |
| Notes payable, current | 646,447 | - | - | - |
| Compensated absences, current | 62,835 | 132,046 | 75,725 | 44,386 |
| Total current liabilities | 1,332,250 | 2,353,238 | 1,862,389 | 129,854 |
| Long-term liabilities: | | | | |
| Compensated absences | 22,999 | 52,617 | 28,734 | 13,702 |
| Notes payable, long term | 12,700,098 | - | - | - |
| Net pension liability | 322,844 | 1,399,685 | 253,657 | 383,766 |
| Total long-term liabilities | 13,045,941 | 1,452,302 | 282,391 | 397,468 |
| Total liabilities | 14,378,191 | 3,805,540 | 2,144,780 | 527,322 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension related items | 76,247 | 330,566 | 59,907 | 90,635 |
| Total deferred inflows of resources | 76,247 | 330,566 | 59,907 | 90,635 |
| NET POSITION | | | | |
| Net investment in capital assets | 13,938,961 | 3,070,395 | 1,073,682 | 5,629,304 |
| Unrestricted | 2,141,780 | 6,224,445 | 1,533,784 | 1,656,329 |
| Total net position | \$ 16,080,741 | \$ 9,294,840 | \$ 2,607,466 | \$ 7,285,633 |

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> |
|----------------------|---|
| \$ 5,199,256 | \$ 2,704,804 |
| 5,806,686 | 2,901,018 |
| 2,296,081 | 268,357 |
| 45,661 | 300,663 |
| 4,902,198 | - |
| <u>18,249,882</u> | <u>6,174,842</u> |
| 649,828 | - |
| 49,254,267 | 253,717 |
| (12,831,059) | (63,429) |
| 705,103 | - |
| <u>37,778,139</u> | <u>190,288</u> |
| 56,028,021 | 6,365,130 |
| 653,847 | 95,261 |
| <u>653,847</u> | <u>95,261</u> |
| 1,280,773 | 305,580 |
| 375,064 | 1,916,759 |
| 974,540 | - |
| 1,494,091 | 532,483 |
| 591,824 | - |
| 646,447 | - |
| 314,992 | 30,936 |
| <u>5,677,731</u> | <u>2,785,758</u> |
| 118,052 | 12,829 |
| 12,700,098 | - |
| 2,359,952 | 343,825 |
| <u>15,178,102</u> | <u>356,654</u> |
| 20,855,833 | 3,142,412 |
| 557,355 | 81,202 |
| <u>557,355</u> | <u>81,202</u> |
| 23,712,342 | 190,288 |
| 11,556,338 | 3,046,489 |
| <u>35,268,680</u> | <u>\$ 3,236,777</u> |
| (477,847) | |
| <u>\$ 34,790,833</u> | |

CITY OF ROSWELL, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Water and Sewer</u> | <u>Solid Waste</u> | <u>Participant Recreation</u> | <u>Stormwater</u> |
|---|----------------------------|------------------------|-----------------------------------|---------------------|
| OPERATING REVENUES | | | | |
| Charges for services | | | | |
| Water sales | \$ 3,265,147 | \$ - | \$ - | \$ - |
| Sewer sales | 300,504 | - | - | - |
| Sanitation sales | - | 9,093,600 | - | - |
| Stormwater sales | - | - | - | 3,110,549 |
| Other fees | 220,743 | 40,193 | 5,313,622 | - |
| Other operating income | 189,688 | 10 | - | - |
| Total operating revenues | <u>3,976,082</u> | <u>9,133,803</u> | <u>5,313,622</u> | <u>3,110,549</u> |
| OPERATING EXPENSES | | | | |
| Personnel services and benefits | 1,333,849 | 3,607,591 | 3,105,709 | 1,062,138 |
| Purchased contract services | 19,139 | 4,069,429 | 1,125,048 | - |
| Supplies and maintenance | 1,163,013 | 2,206,890 | 1,114,920 | 940,288 |
| Utilities | 164,902 | 7,370 | - | - |
| Claims paid | - | - | - | - |
| Depreciation | 1,228,695 | 347,083 | 81,388 | 226,612 |
| Total operating expenses | <u>3,909,598</u> | <u>10,238,363</u> | <u>5,427,065</u> | <u>2,229,038</u> |
| Operating income (loss) | 66,484 | (1,104,560) | (113,443) | 881,511 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings (loss) | 2,153 | (7,325) | (7,461) | 1,317 |
| Interest expense | (190,952) | - | - | - |
| Contributions | - | - | - | 25,000 |
| Total nonoperating revenues (expenses) | <u>(188,799)</u> | <u>(7,325)</u> | <u>(7,461)</u> | <u>26,317</u> |
| INCOME (LOSS) BEFORE TRANSFERS | (122,315) | (1,111,885) | (120,904) | 907,828 |
| Transfers in | - | 10,172 | 396,265 | - |
| Transfers out | (31,643) | (81,359) | - | (237,165) |
| Total transfers | <u>(31,643)</u> | <u>(71,187)</u> | <u>396,265</u> | <u>(237,165)</u> |
| Change in net position | (153,958) | (1,183,072) | 275,361 | 670,663 |
| NET POSITION, beginning of year | <u>16,234,699</u> | <u>10,477,912</u> | <u>2,332,105</u> | <u>6,614,970</u> |
| NET POSITION, end of year | <u>\$ 16,080,741</u> | <u>\$ 9,294,840</u> | <u>\$ 2,607,466</u> | <u>\$ 7,285,633</u> |
| Adjustment to reflect the consolidation of internal service fund activities to enterprise funds | | | | |
| Change in net position of business-type activities | | | | |

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

| <u>Total</u> | <u>Governmental Activities Internal Service Funds</u> |
|---------------------|---|
| \$ 3,265,147 | \$ - |
| 300,504 | - |
| 9,093,600 | - |
| 3,110,549 | - |
| 5,574,558 | 11,147,829 |
| 189,698 | 1,388,521 |
| <u>21,534,056</u> | <u>12,536,350</u> |
| 9,109,287 | 4,104,032 |
| 5,213,616 | - |
| 5,425,111 | - |
| 172,272 | - |
| - | 9,741,834 |
| 1,883,778 | 50,743 |
| <u>21,804,064</u> | <u>13,896,609</u> |
| (270,008) | (1,360,259) |
| (11,316) | 24,199 |
| (190,952) | - |
| 25,000 | - |
| <u>(177,268)</u> | <u>24,199</u> |
| (447,276) | (1,336,060) |
| 406,437 | |
| (350,167) | (71,569) |
| <u>56,270</u> | <u>(71,569)</u> |
| (391,006) | (1,407,629) |
| | <u>4,644,406</u> |
| | <u>\$ 3,236,777</u> |
| (249,003) | |
| <u>\$ (640,009)</u> | |

CITY OF ROSWELL, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

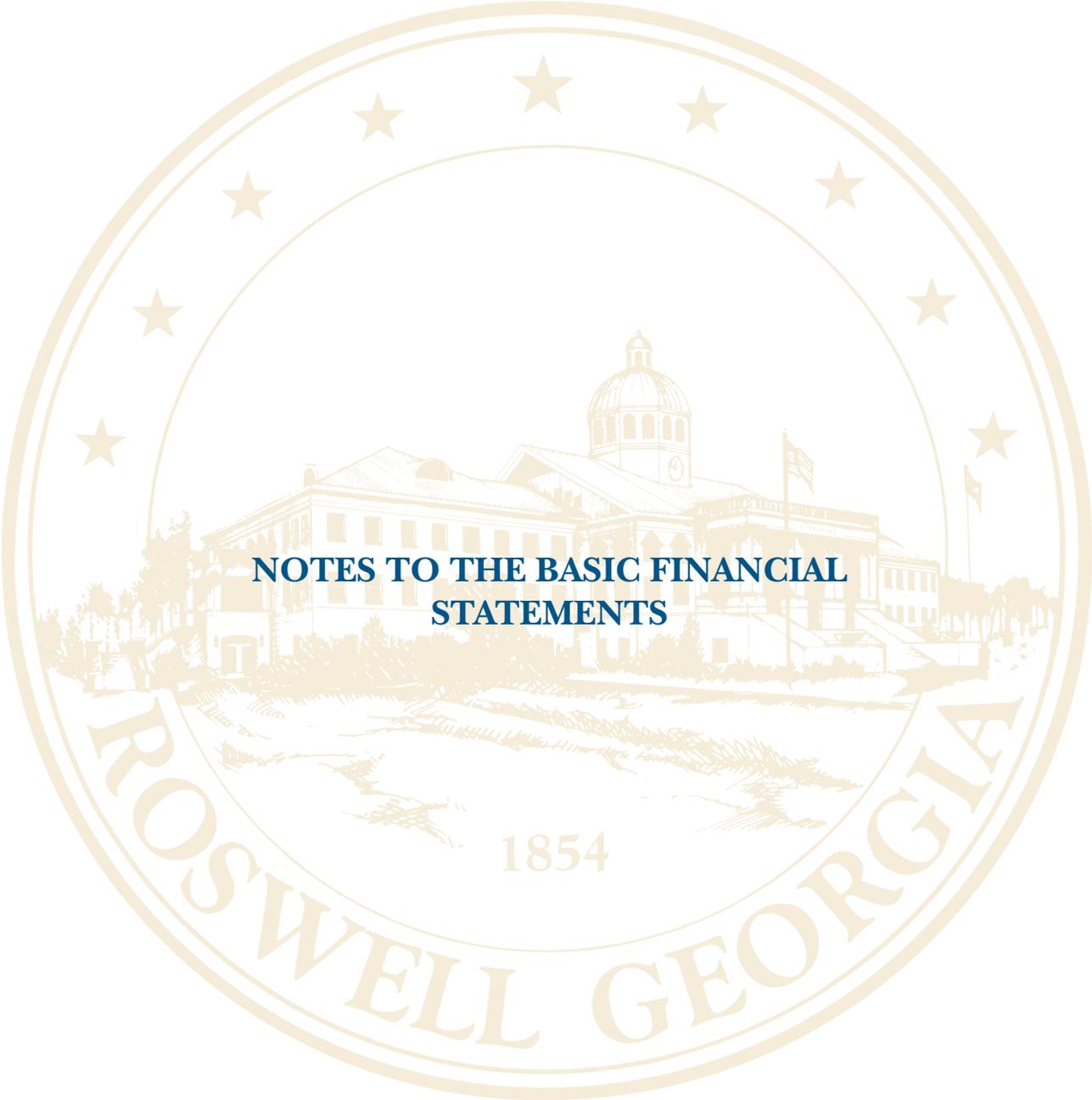
| | Water and Sewer | Solid Waste | Participant Recreation | Stormwater |
|--|---------------------|---------------------|---------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 4,047,165 | \$ 9,075,434 | \$ 5,291,012 | \$ 3,083,324 |
| Receipts from interfund charges | - | - | - | - |
| Payments to suppliers and service providers | (1,455,197) | (5,228,396) | (1,967,697) | (964,043) |
| Payments to employees | (1,390,520) | (3,573,950) | (3,305,625) | (1,083,689) |
| Net cash provided by (used in) operating activities | <u>1,201,448</u> | <u>273,088</u> | <u>17,690</u> | <u>1,035,592</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | - | - | (500,000) | - |
| Proceeds from sale of investments | 1,498,813 | - | - | 501,276 |
| Interest received | 20,232 | 35,031 | 25,030 | 18,408 |
| Net cash provided by (used in) investing activities | <u>1,519,045</u> | <u>35,031</u> | <u>(474,970)</u> | <u>519,684</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchase of capital assets | (694,237) | (125,350) | (44,188) | (895,749) |
| Principal payments on note payable | (637,465) | - | - | - |
| Interest and fiscal charges paid | (191,696) | - | - | - |
| Net cash used in capital and related financing activities | <u>(1,523,398)</u> | <u>(125,350)</u> | <u>(44,188)</u> | <u>(895,749)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Contributions | - | - | - | 25,000 |
| Transfers in | - | 10,172 | 396,265 | - |
| Transfers out | (31,643) | (81,359) | - | (237,165) |
| Net cash provided by (used in) noncapital financing activities | <u>(31,643)</u> | <u>(71,187)</u> | <u>396,265</u> | <u>(212,165)</u> |
| Increase (decrease) in cash | 1,165,452 | 111,582 | (105,203) | 447,362 |
| Cash: | | | | |
| Beginning of year | 383,665 | 948,245 | 1,815,187 | 432,966 |
| End of year | <u>\$ 1,549,117</u> | <u>\$ 1,059,827</u> | <u>\$ 1,709,984</u> | <u>\$ 880,328</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 66,484 | \$ (1,104,560) | \$ (113,443) | \$ 881,511 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 1,228,695 | 347,083 | 81,388 | 226,612 |
| (Increase) decrease in accounts receivable | 21,874 | (58,369) | - | (2,225) |
| Decrease in due from other funds | 49,209 | 176,547 | - | - |
| Increase in prepaid expenses | (8,982) | (370) | (11,455) | (5,932) |
| (Increase) decrease in pension related deferred outflows of resources | 17,826 | (5,317) | 69,872 | 4,167 |
| Increase (decrease) in accounts payable | (102,136) | 226,990 | (37,161) | (17,823) |
| Increase (decrease) in accrued expenses | 3,079 | 3,991 | 26,325 | (925) |
| Increase (decrease) in customer deposits payable | 3,002 | (580) | (20,475) | - |
| Decrease in unearned revenue | - | - | (2,135) | (25,000) |
| Increase (decrease) in due to other funds | (27) | 652,706 | 320,887 | - |
| Increase in pension related deferred inflows of resources | 73,891 | 322,167 | 56,829 | 88,209 |
| Increase (decrease) in compensated absences | 2,316 | 12,516 | 16,106 | (5,833) |
| Decrease in net pension liability | (153,783) | (299,716) | (369,048) | (107,169) |
| Net cash provided by (used in) operating activities | <u>\$ 1,201,448</u> | <u>\$ 273,088</u> | <u>\$ 17,690</u> | <u>\$ 1,035,592</u> |
| NONCASH INVESTING ACTIVITIES | | | | |
| Decrease in fair value of investments | \$ (14,424) | \$ (42,356) | \$ (35,608) | \$ (23,121) |

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

| <u>Total</u> | <u>Governmental Activities Internal Service Funds</u> |
|---------------------|---|
| \$ 21,496,935 | \$ 1,883,355 |
| - | 10,104,062 |
| (9,615,333) | (13,590,810) |
| <u>(9,353,784)</u> | <u>-</u> |
| 2,527,818 | (1,603,393) |
| (500,000) | (998,778) |
| 2,000,089 | 1,718,251 |
| <u>98,701</u> | <u>55,691</u> |
| 1,598,790 | 775,164 |
| (1,759,524) | - |
| (637,465) | - |
| <u>(191,696)</u> | <u>-</u> |
| (2,588,685) | - |
| 25,000 | - |
| 406,437 | - |
| <u>(350,167)</u> | <u>(71,569)</u> |
| <u>81,270</u> | <u>(71,569)</u> |
| 1,619,193 | (899,798) |
| 3,580,063 | 3,604,602 |
| <u>\$ 5,199,256</u> | <u>\$ 2,704,804</u> |
| \$ (270,008) | \$ (1,360,259) |
| 1,883,778 | 50,743 |
| (38,720) | (239,836) |
| 225,756 | - |
| (26,739) | (14,398) |
| 86,548 | (2,851) |
| 69,870 | (23,035) |
| 32,470 | 335,850 |
| (18,053) | - |
| (27,135) | - |
| 973,566 | (350,247) |
| 541,096 | 79,173 |
| 25,105 | (11,766) |
| <u>(929,716)</u> | <u>(66,767)</u> |
| <u>\$ 2,527,818</u> | <u>\$ (1,603,393)</u> |
| <u>\$ (115,509)</u> | <u>\$ (40,435)</u> |

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**NOTES TO THE BASIC FINANCIAL
STATEMENTS**

CITY OF ROSWELL, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

Discretely Presented Component Units

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

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 Organization

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

B. Government-wide and Fund Financial Statements

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

The **Transportation SPLOST (T-SPLOST) Fund** accounts for financial resources which are used exclusively for transportation projects per the terms of the T-SPLOST agreement.

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budget

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

The following encumbrances were outstanding as of June 30, 2018:

| <u>Fund</u> | <u>Amount</u> |
|-----------------------------|---------------------|
| General Fund | \$ 732,531 |
| Federal Grants Fund | 3,450,955 |
| Water & Sewer Fund | 563,790 |
| Solid Waste Fund | 446,428 |
| Participant Recreation Fund | 39,668 |
| Stormwater Fund | 908,781 |
| Nonmajor Governmental Funds | 343,107 |
| | <u>\$ 6,485,260</u> |

E. Deposits and Investments

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

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments (Continued)

Investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of investment earnings.

F. Receivables and Payables

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

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

G. Inventories and Prepaid Items

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

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

H. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

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

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

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

I. Deferred Outflows/Inflows of Resources

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

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

NOTES TO FINANCIAL STATEMENTS

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. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Pensions

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

N. Management Estimates

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

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

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$23,972,635 difference are as follows:

| | | |
|---|----|--------------|
| Bonds payable | \$ | (8,200,000) |
| Unamortized premiums | | (225,576) |
| Capital leases payable | | (2,991,836) |
| Installment sales agreement | | (5,606,640) |
| Notes payable | | (3,633,906) |
| Claims payable | | (642,001) |
| Accrued interest | | (125,804) |
| Compensated absences | | (2,546,872) |
| | | (2,546,872) |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | \$ | (23,972,635) |

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of that reconciliation states that “Notes receivable is not an available resource and, therefore is not reported in the funds.” The details of this \$1,052,223 difference are as follows:

| | |
|--|----------------------------|
| Notes receivable | \$ 1,013,784 |
| Accrued interest receivable | <u>38,439</u> |
| Net adjustment to increase <i>fund balance- total governmental funds</i> to arrive at <i>net position - governmental activities</i> | <u><u>\$ 1,052,223</u></u> |

Another element of that reconciliation states that “deferred outflows of resources, deferred inflows of resources and the net pension liability are not expected to be liquidated with expendable available resources and therefore are not reported in the funds.” The details of this \$14,557,993 difference are as follows:

| | |
|--|-------------------------------|
| Net pension liability | \$ (15,178,631) |
| Pension related deferred outflows of resources | 4,205,399 |
| Pension related deferred inflows of resources | <u>(3,584,761)</u> |
| Net adjustment to reduce <i>fund balance- total governmental funds</i> to arrive at <i>net position - governmental activities</i> | <u><u>\$ (14,557,993)</u></u> |

NOTES TO FINANCIAL STATEMENTS

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

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

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 \$16,706,301 difference are as follows:

| | |
|---|----------------------|
| Capital outlay | \$ 27,208,769 |
| Depreciation expense | <u>(10,502,468)</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>\$ 16,706,301</u> |

Another element of the reconciliation states that “The payments received on notes receivable provide current financial resources to governmental funds, but have no effect on net position.” The details of this \$125,313 difference are as follows:

| | |
|---|-------------------|
| Payments on notes receivable | \$ 120,735 |
| Accrued interest receivable | <u>4,578</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>\$ 125,313</u> |

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of the reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$5,579,736 difference are as follows:

| | | |
|---|----|-------------|
| Principal payment on bonds | \$ | 1,425,000 |
| Issuance of notes payable | | (3,708,614) |
| Issuance of installment sales agreements | | (3,000,000) |
| Issuance of capital leases | | (1,179,032) |
| Principal payment on notes payable | | 74,708 |
| Principal payment on installment sales agreement | | 525,319 |
| Principal payment on capital lease payable | | 282,883 |
| | | 282,883 |
| 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> | | |
| | \$ | (5,579,736) |

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 \$254,790 difference are as follows:

| | | |
|---|----|-----------|
| Compensated absences | \$ | (89,628) |
| Amortization | | 81,831 |
| Accrued interest | | (16,388) |
| Claims expense | | 71,295 |
| Pension expense | | (301,900) |
| | | (301,900) |
| 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> | | |
| | \$ | (254,790) |

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. 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.

B. Deficit Fund Equity

The following funds had deficit fund balances at June 30, 2018. The fund deficits will be reduced through anticipated revenues, recognition of unavailable revenues, and General Fund appropriations, as needed.

| Fund | Deficit |
|----------------|------------|
| Federal Grants | \$ 518,105 |
| CDBG Grants | 37,070 |
| Fleet Services | 40,837 |

Excess Expenditures Over Appropriations

For the year ended June 30, 2018 expenditures exceeded the budget in two funds as follows:

| Fund/Department | Excess |
|-------------------------|-----------|
| General Fund: | |
| Debt service - interest | \$ 29,693 |
| Federal Grants Fund: | |
| Public works | 2,440,509 |
| Culture and recreation | 1,011,727 |

The excess of expenditures over budget that are noted above were primarily funded by expending less than budget in other functions.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

A. Primary Government

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

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy require all deposits to be collateralized 110% by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2018, the financial institutions holding all of the City's deposits are participants of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. As of June 30, 2018, all of the City's bank balances were insured and/or collateralized as defined by GASB and required by State Statutes.

At June 30, 2018, the City had the following investments that are included in the custodial credit risk discussion above related to deposits:

| <u>Investment</u> | <u>Fair Value</u> | <u>Credit Rating</u> | <u>Weighted Average Maturity (years)</u> |
|----------------------------------|----------------------|----------------------|--|
| Money market mutual fund | \$ 25,202 | N/A | 0.25 |
| Certificates of deposit | 9,513,047 | N/A | 2.95 |
| Municipal Bonds | 4,493,457 | AAA | 2.36 |
| Federal Home Loan Bank | 7,720,788 | AAA | 2.96 |
| Federal Home Loan Mortgage Corp. | 2,897,344 | AAA | 3.09 |
| Federal National Mortgage Assn. | 7,734,280 | AAA | 2.93 |
| Federal Farm Credit Bank | 16,845,693 | AAA | 2.86 |
| Georgia Fund 1 | 5,718,453 | AAAf | 0.03 |
| | <u>\$ 54,948,264</u> | | |

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

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

A. Primary Government (Continued)

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2018:

| <u>Investment</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Fair Value</u> |
|--|---------------------|----------------------|----------------------|
| Money Markey Mutual Funds | \$ 25,202 | \$ - | \$ 25,202 |
| Municipal Bonds | 4,493,457 | - | 4,493,457 |
| Federal Home Loan Bank | - | 7,720,788 | 7,720,788 |
| Federal Home Loan Mortgage Corp | - | 2,897,344 | 2,897,344 |
| Federal National Mortgage Association | - | 7,734,280 | 7,734,280 |
| Federal Farm Credit Bank | - | 16,845,693 | 16,845,693 |
| Total investments measured at fair value | <u>\$ 4,518,659</u> | <u>\$ 35,198,105</u> | <u>\$ 39,716,764</u> |
| Investments not subject to level disclosure: | | | |
| Certificates of Deposit | | | 9,513,047 |
| Georgia Fund 1 | | | 5,718,453 |
| Total investments | | | <u>\$ 54,948,264</u> |

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

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

B. Roswell Economic Development & Tourism, Inc.

As of June 30, 2018, the Roswell Economic Development & Tourism, Inc. had \$6,161 in deposits that were uninsured and not collateralized as defined by GASB.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

A. Primary Government

Receivables at June 30, 2018, for the City's individual major funds and nonmajor funds in the aggregate are as follows:

| | <u>General Fund</u> | <u>Capital Pojects Fund</u> | <u>Federal Grants Fund</u> | <u>TSPLOST Fund</u> | <u>Nonmajor Governmental Funds</u> |
|--------------------------------------|-------------------------|-------------------------------------|------------------------------------|-------------------------|--|
| Receivables: | | | | | |
| Taxes | \$ 2,650,248 | \$ - | \$ - | \$ - | \$ 177,048 |
| Intergovernmental | - | - | 2,084,263 | - | 302,144 |
| Accounts | 1,904,679 | 65,708 | - | 1,442,208 | 286,104 |
| Gross receivables | <u>4,554,927</u> | <u>65,708</u> | <u>2,084,263</u> | <u>1,442,208</u> | <u>765,296</u> |
| Less allowance for uncollectibles | (526,825) | - | - | - | (42,363) |
| Net receivables | <u>\$ 4,028,102</u> | <u>\$ 65,708</u> | <u>\$ 2,084,263</u> | <u>\$ 1,442,208</u> | <u>\$ 722,933</u> |

| | <u>Water & Sewer Fund</u> | <u>Solid Waste Fund</u> | <u>Participant Recreation Fund</u> | <u>Stormwater Fund</u> | <u>Governmental Activities Internal Service Funds</u> |
|--------------------------------------|---------------------------------------|---------------------------------|--|----------------------------|---|
| Receivables: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts | 730,459 | 1,681,600 | 3,789 | 365,889 | 268,357 |
| Gross receivables | <u>730,459</u> | <u>1,681,600</u> | <u>3,789</u> | <u>365,889</u> | <u>268,357</u> |
| Less allowance for uncollectibles | (123,186) | (297,537) | - | (64,933) | - |
| Net receivables | <u>\$ 607,273</u> | <u>\$ 1,384,063</u> | <u>\$ 3,789</u> | <u>\$ 300,956</u> | <u>\$ 268,357</u> |

Property taxes for the 2018 fiscal year were levied in November 2017, with property values assessed as of January 1, 2017. Bills are payable on or before January 17, 2018, 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 February 1.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended June 30, 2018 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 | \$ 46,542,822 | \$ 5,787,760 | \$ - | \$ - | \$ 52,330,582 |
| Construction in progress | 24,611,902 | 15,579,275 | (573,097) | (12,312,212) | 27,305,868 |
| Total capital assets, not being depreciated | <u>71,154,724</u> | <u>21,367,035</u> | <u>(573,097)</u> | <u>(12,312,212)</u> | <u>79,636,450</u> |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 36,763,074 | 841,712 | - | 546,131 | 38,150,917 |
| Buildings and improvements | 75,313,345 | 1,272,247 | - | 5,169,070 | 81,754,662 |
| Machinery and equipment | 22,651,381 | 1,668,790 | - | - | 24,320,171 |
| Vehicles | 22,096,441 | 1,729,749 | (572,349) | - | 23,253,841 |
| Infrastructure | 132,524,476 | 329,236 | - | 6,597,011 | 139,450,723 |
| Total capital assets, being depreciated | <u>289,348,717</u> | <u>5,841,734</u> | <u>(572,349)</u> | <u>12,312,212</u> | <u>306,930,314</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | 15,132,537 | 1,529,742 | - | - | 16,662,279 |
| Buildings and improvements | 42,297,672 | 2,176,810 | - | - | 44,474,482 |
| Machinery and equipment | 11,528,314 | 1,889,973 | - | - | 13,418,287 |
| Vehicles | 11,834,792 | 1,983,043 | (533,970) | - | 13,283,865 |
| Infrastructure | 83,639,552 | 2,973,643 | - | - | 86,613,195 |
| Total accumulated depreciation | <u>164,432,867</u> | <u>10,553,211</u> | <u>(533,970)</u> | <u>-</u> | <u>174,452,108</u> |
| Total capital assets, being depreciated, net | <u>124,915,850</u> | <u>(4,711,477)</u> | <u>(38,379)</u> | <u>12,312,212</u> | <u>132,478,206</u> |
| Governmental activities capital assets, net | <u>\$ 196,070,574</u> | <u>\$ 16,655,558</u> | <u>\$ (611,476)</u> | <u>\$ -</u> | <u>\$ 212,114,656</u> |

Internal service funds predominately serve governmental funds, and accordingly capital assets for them are included as part of the above totals for governmental activities. At year end, \$190,288 of internal service fund capital assets is included above.

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 | \$ 339,699 | \$ 749,405 | \$ - | \$ (439,276) | \$ 649,828 |
| Total capital assets, not being depreciated | <u>339,699</u> | <u>749,405</u> | <u>-</u> | <u>(439,276)</u> | <u>649,828</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 20,319,236 | - | - | 59,714 | 20,378,950 |
| Machinery and equipment | 2,305,140 | 55,941 | - | - | 2,361,081 |
| Vehicles | 5,342,339 | 228,575 | (138,838) | - | 5,432,076 |
| Infrastructure | 19,976,995 | 725,603 | - | 379,562 | 21,082,160 |
| Total capital assets, being depreciated | <u>47,943,710</u> | <u>1,010,119</u> | <u>(138,838)</u> | <u>439,276</u> | <u>49,254,267</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | 1,322,507 | 792,445 | - | - | 2,114,952 |
| Machinery and equipment | 1,215,122 | 105,836 | - | - | 1,320,958 |
| Vehicles | 2,664,301 | 402,441 | (138,838) | - | 2,927,904 |
| Infrastructure | 5,884,189 | 583,056 | - | - | 6,467,245 |
| Total accumulated depreciation | <u>11,086,119</u> | <u>1,883,778</u> | <u>(138,838)</u> | <u>-</u> | <u>12,831,059</u> |
| Total capital assets, being depreciated, net | <u>36,857,591</u> | <u>(873,659)</u> | <u>-</u> | <u>439,276</u> | <u>36,423,208</u> |
| Business-type activities capital assets, net | <u>\$ 37,197,290</u> | <u>\$ (124,254)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 37,073,036</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:

| | |
|--|----------------------|
| General government | \$ 1,455,114 |
| Public safety | 2,487,391 |
| Public works | 4,406,208 |
| Culture and recreation | 2,204,498 |
| Total depreciation expense - governmental activities | <u>\$ 10,553,211</u> |

Business-type activities:

| | |
|---|---------------------|
| Water and Sewer Fund | \$ 1,228,695 |
| Solid Waste Fund | 347,083 |
| Participant Recreation Fund | 81,388 |
| Stormwater Fund | 226,612 |
| Total depreciation expense - business-type activities | <u>\$ 1,883,778</u> |

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NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2018, is as follows:

Due to/from other funds:

| <u>Receivable fund</u> | <u>Payable fund</u> | <u>Amount</u> |
|------------------------|-------------------------------|----------------------|
| General Fund | Participation Recreation Fund | \$ 795,458 |
| General Fund | Solid Waste Fund | 698,633 |
| General Fund | TSPLOST Fund | 16,620 |
| General Fund | Internal Service Funds | 532,483 |
| General Fund | Nonmajor Governmental Funds | 1,652,858 |
| General Fund | Federal Grants Fund | 1,707,955 |
| Capital Projects Fund | General Fund | 5,709,384 |
| | | <u>\$ 11,113,391</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 | \$ 705,103 |

In 2014 and 2015 the Solid Waste fund loaned the General Fund \$1,218,564 for operational purposes; the General Fund will repay the balances over a period greater than one year and are appropriately reported as long-term advances. The outstanding balance at June 30, 2018 is \$705,103.

Interfund transfers for the year ended June 30, 2018 were as follows:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|----------------------|
| General Fund | Stormwater Fund | \$ 34,421 |
| Capital Projects Fund | General Fund | 9,343,927 |
| Capital Projects Fund | Water and Sewer Fund | 31,643 |
| Capital Projects Fund | Solid Waste Fund | 81,359 |
| Capital Projects Fund | Stormwater Fund | 22,798 |
| Capital Projects Fund | Internal Service Funds | 71,569 |
| Capital Projects Fund | Nonmajor Governmental Funds | 843,716 |
| Solid Waste Fund | General Fund | 10,172 |
| Participant Recreation Fund | General Fund | 396,265 |
| Federal Grants Fund | General Fund | 589,289 |
| Nonmajor Governmental Funds | General Fund | 384,988 |
| Federal Grants Fund | Stormwater Fund | 179,946 |
| | | <u>\$ 11,990,093</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Transfers between funds are for the use of unrestricted revenue to finance various capital improvement projects accounted for in other funds. Transfers between funds are also used to move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them.

NOTE 8. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the year ended June 30, 2018:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|----------------------|------------------------|---------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Bonds payable | \$ 9,625,000 | \$ - | \$ (1,425,000) | \$ 8,200,000 | \$ 1,450,000 |
| Plus: Premiums | 307,407 | - | (81,831) | 225,576 | - |
| Total bonds payable | <u>9,932,407</u> | <u>-</u> | <u>(1,506,831)</u> | <u>8,425,576</u> | <u>1,450,000</u> |
| Capital lease payable | 2,095,687 | 1,179,032 | (282,883) | 2,991,836 | 395,143 |
| Installment sales agreement | 3,131,959 | 3,000,000 | (525,319) | 5,606,640 | 604,834 |
| Note payable | - | 3,708,614 | (74,708) | 3,633,906 | 362,949 |
| Compensated absences | 2,512,775 | 2,394,552 | (2,316,690) | 2,590,637 | 1,891,826 |
| Claims payable | 713,296 | - | (71,295) | 642,001 | 150,000 |
| Net pension liability | <u>18,690,555</u> | <u>8,666,060</u> | <u>(11,834,159)</u> | <u>15,522,456</u> | <u>-</u> |
| Governmental activities long-term liabilities | <u>\$ 37,076,679</u> | <u>\$ 18,948,258</u> | <u>\$ (16,611,885)</u> | <u>\$ 39,413,052</u> | <u>\$ 4,854,752</u> |
| Business-type Activities: | | | | | |
| Note payable | \$ 13,984,010 | \$ - | \$ (637,465) | \$ 13,346,545 | \$ 646,447 |
| Compensated absences | 407,939 | 438,540 | (413,435) | 433,044 | 314,992 |
| Net pension liability | <u>3,289,668</u> | <u>1,543,691</u> | <u>(2,473,407)</u> | <u>2,359,952</u> | <u>-</u> |
| Business-type activities long-term liabilities | <u>\$ 17,681,617</u> | <u>\$ 1,982,231</u> | <u>\$ (3,524,307)</u> | <u>\$ 16,139,541</u> | <u>\$ 961,439</u> |

For governmental and business activities, compensated absences are liquidated in the funds from which the employees' salaries are paid, which include the General Fund, Nonmajor Governmental Funds, Water & Sewer Fund, Solid Waste Fund, Participant Recreation Fund, Stormwater Fund, and Internal Service Funds, as applicable. For governmental activities, claims and judgments will be liquidated in the Impact Fees Fund but are not expected to be liquidated within the next year. The net pension liability is liquidated by the General Fund, Group Health, Risk Management and Fleet Services funds for governmental activities. For business-type activities, the net pension liability will be liquidated by all enterprise funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Governmental Activities

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:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|-------------------|---------------------|
| 2019 | \$ 975,000 | \$ 93,388 | \$ 1,068,388 |
| 2020 | 985,000 | 81,200 | 1,066,200 |
| 2021 | 1,005,000 | 61,500 | 1,066,500 |
| 2022 | 1,025,000 | 41,400 | 1,066,400 |
| 2023 | 1,045,000 | 20,900 | 1,065,900 |
| Total | <u>\$ 5,035,000</u> | <u>\$ 298,388</u> | <u>\$ 5,333,388</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:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|-------------------|---------------------|
| 2019 | \$ 475,000 | \$ 94,950 | \$ 569,950 |
| 2020 | 500,000 | 80,700 | 580,700 |
| 2021 | 515,000 | 65,700 | 580,700 |
| 2022 | 535,000 | 50,250 | 585,250 |
| 2023 | 585,000 | 34,200 | 619,200 |
| 2024 | 555,000 | 16,650 | 571,650 |
| Total | <u>\$ 3,165,000</u> | <u>\$ 342,450</u> | <u>\$ 3,507,450</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Notes Payable. The City has also incurred debt to the Georgia Environmental Finance Authority to finance the costs of acquisition of a land conservation project as approved by the Georgia Land Conservation Council. Two agreements for the land conservation projects were originally executed for \$2,739,421 and \$969,193, with interest rates of 0.5%. The agreements are paid each month beginning April 1, 2018 through March 1, 2028 and June 1, 2018 through May 1, 2028, respectively.

The debt service requirements to maturity are as follows:

| Year ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|------------------|---------------------|
| 2019 | \$ 362,949 | \$ 17,339 | \$ 380,288 |
| 2020 | 364,768 | 15,520 | 380,288 |
| 2021 | 366,596 | 13,692 | 380,288 |
| 2022 | 368,433 | 11,854 | 380,287 |
| 2023 | 370,279 | 10,008 | 380,287 |
| 2024-2028 | 1,800,881 | 22,048 | 1,822,929 |
| Total | <u>\$ 3,633,906</u> | <u>\$ 90,461</u> | <u>\$ 3,724,367</u> |

Capital Leases Payable. The City has entered into a lease-purchase agreement to finance the acquisition of six public safety vehicles. The leases are for periods of seven to ten years, at interest rates ranging from 1.80% to 2.24% annually. As of June 30, 2018, the City had \$4,215,785 of vehicles, with associated accumulated depreciation of \$864,483 financed under the capital leases. The annual amortization of the leased assets is included in depreciation expense for capital assets.

As of June 30, 2018 the future lease payments for the capital leases are as follows:

| | |
|--|---------------------|
| Year Ending June 30, | |
| 2019 | \$ 461,741 |
| 2020 | 461,741 |
| 2021 | 411,508 |
| 2022 | 411,508 |
| 2023 | 411,508 |
| 2024-2028 | 1,148,513 |
| Total minimum lease payments | <u>3,306,519</u> |
| Less amount representing interest | <u>314,683</u> |
| Present value of future minimum lease payments | <u>\$ 2,991,836</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Installment Sale Agreement Payable. The City has entered into installment sale agreements to finance the acquisition of real property. One agreement is for a period of ten years, at an interest rate of 1.83% annually. Another agreement is for a period of ten years, at an interest rate of 2.25% annually.

As of June 30, 2018 the future payments for the installment sale agreement are as follows:

| | | | | | |
|--|--|----|--|-----------|--|
| Year Ending June 30, | | | | | |
| 2019 | | \$ | | 713,603 | |
| 2020 | | | | 713,603 | |
| 2021 | | | | 713,603 | |
| 2022 | | | | 713,603 | |
| 2023 | | | | 713,603 | |
| 2024-2028 | | | | 2,554,634 | |
| Total minimum payments | | | | 6,122,649 | |
| Less amount representing interest | | | | 516,009 | |
| Present value of future minimum payments | | \$ | | 5,606,640 | |

Business-Type Activities

Notes Payable. The City has also incurred debt to the Georgia Environmental Finance Authority for construction of various water and sewer system projects. The agreement for construction of water and sewer system projects was originally executed for \$14,456,590, with an interest rate of 1.4%. The agreement is paid each month beginning October 1, 2016 through September 1, 2036.

The debt service requirements to maturity are as follows:

| Year ending June 30, | Principal | Interest | Total |
|-------------------------|---------------|--------------|---------------|
| 2019 | \$ 646,447 | \$ 182,714 | \$ 829,161 |
| 2020 | 655,555 | 173,606 | 829,161 |
| 2021 | 664,792 | 164,369 | 829,161 |
| 2022 | 674,159 | 155,002 | 829,161 |
| 2023 | 683,658 | 145,503 | 829,161 |
| 2024-2028 | 3,565,528 | 580,276 | 4,145,804 |
| 2029-2033 | 3,823,901 | 321,902 | 4,145,803 |
| 2034-2037 | 2,632,505 | 61,868 | 2,694,373 |
| Total | \$ 13,346,545 | \$ 1,785,240 | \$ 15,131,785 |

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.

Plan Membership. At January 1, 2018, the date of the most recent actuarial valuation, there were 912 participants consisting of the following:

| | |
|---|------------|
| Retirees and beneficiaries currently receiving benefits | 281 |
| Terminated vested participants not yet receiving benefits | 315 |
| Active employees - vested | 316 |
| Total | <u>912</u> |

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2018, the actuarially determined contribution rate was 19.07% of covered payroll. The City makes all contributions to the plan. For 2018, the City's contribution to the Plan was \$3,768,914.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2017.

Actuarial assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|-------|
| Inflation | 2.75% |
| Salary increases | 2.75% |
| Investment rate of return | 7.50% |

Mortality rates for the January 1, 2018 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

Cost of living adjustments were assumed to be 0.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the table below.

| Asset class | Target allocation | Long-term expected real rate of return* |
|-----------------------|-------------------|---|
| Domestic equity | 45% | 6.71% |
| International equity | 20% | 7.71 |
| Global fixed income | 5% | 3.36 |
| Domestic fixed income | 20% | 2.11 |
| Real estate | 10% | 5.21 |
| Cash | —% | |
| Total | 100% | |

* Rates shown are net of the 2.75% assumed rate of inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2018 were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|-----------------------------------|---------------------------------------|---------------------------------------|
| Balances at 6/30/17 | \$ 94,173,038 | \$ 72,192,815 | \$ 21,980,223 |
| Changes for the year: | | | |
| Service cost | 1,062,294 | - | 1,062,294 |
| Interest | 7,118,540 | - | 7,118,540 |
| Differences between expected and actual experience | 119,069 | - | 119,069 |
| Contributions—employer | - | 3,525,020 | (3,525,020) |
| Net investment income | - | 10,782,546 | (10,782,546) |
| Benefit payments, including refunds of employee contributions | (4,641,812) | (4,641,812) | - |
| Administrative expense | - | (134,003) | 134,003 |
| Other | 1,775,845 | - | 1,775,845 |
| Net changes | 5,433,936 | 9,531,751 | (4,097,815) |
| Balances at 6/30/18 | \$ 99,606,974 | \$ 81,724,566 | \$ 17,882,408 |

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|------------------------------|------------------------|-------------------------------------|------------------------|
| City's net pension liability | \$ 29,588,912 | \$ 17,882,408 | \$ 8,015,455 |

Changes in the Net Pension Liability of the City. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2017 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$3,780,197. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 943,925 | \$ - |
| Changes in assumptions | 1,183,896 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 4,223,318 |
| City contributions subsequent to the measurement date | 2,826,686 | - |
| Total | \$ 4,954,507 | \$ 4,223,318 |

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

City contributions subsequent to the measurement date of \$2,826,686 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending June 30: | |
|----------------------|-----------------------|
| 2019 | \$ 441,970 |
| 2020 | (433) |
| 2021 | (1,489,820) |
| 2022 | (1,047,214) |
| Total | <u>\$ (2,095,497)</u> |

NOTE 10. DEFINED CONTRIBUTION PLAN

A. Primary Government

The City of Roswell's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. The Plan is funded through employer and employee contributions. Plan provisions and contribution requirements are established and may be amended by the City's Mayor and Council. At June 30, 2018, there were 387 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 339 employees. For the fiscal year ended June 30, 2018, The City's contributions, which was also the City's pension expense, was \$173,297 and employee's contributed \$950,403.

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, 2018, there were 339 plan members.

Employees are not required to contribute to the Plan. The City contributes 10% of each employee's compensation each pay period and will match up to an additional 5% of contributions made by the employee. For the fiscal year ended June 30, 2018, The City's contributions, which was also the City's pension expense, was \$1,584,313 and employee's contributed \$407,010.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT

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

Health Insurance. Beginning in fiscal year 2015, the City established a self-funded trust for the administration and funding of the City's health insurance and medical expenses. This trust is the source of funding for claims or expense reimbursement of employees for losses due to death, disability, dental or medical expenses and other expenses relating to maintenance of the fund by the appointed trustee. Claim liabilities do not include nonincremental claims adjustment expenses.

The following describes the activity in the health care plan, including changes to the estimate for claims incurred but not reported, 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> |
|--------------------|---|---|--------------------|-------------------------------------|
| 2018 | \$ 1,109,323 | \$ 6,620,232 | \$ 6,750,586 | \$ 978,969 |
| 2017 | 538,218 | 6,363,707 | 5,792,602 | 1,109,323 |

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. Claim liabilities do not include nonincremental claims adjustment expenses. The following describes the activity related to these claims based on actual claims presented after year-end and historical experience 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> |
|--------------------|---|---|--------------------|-------------------------------------|
| 2018 | \$ 429,920 | \$ 1,237,719 | \$ 776,224 | \$ 891,415 |
| 2017 | 324,556 | 709,648 | 604,285 | 429,920 |

General Liability

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

General Liability (Continued)

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

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

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

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Contingencies

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

NOTES TO FINANCIAL STATEMENTS

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, 2018, the City of Roswell contributed \$556,722 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 1 Galambos Way, Sandy Springs, Georgia 30328.

NOTE 14. HOTEL/MOTEL TAX

The City has levied a 6% lodging tax. During the year ended June 30, 2018, the City collected \$1,044,822 in revenues. The current year expenditures of \$891,948 or 85% of current year revenues, including the utilization of fund balance, were expended on the promotion of tourism in accordance with the provisions of O.C.G.A. 48-13-51.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROSWELL, GEORGIA

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | |
| Service cost | \$ 1,062,294 | \$ 1,046,059 | \$ 1,197,926 | \$ 1,386,893 |
| Interest on total pension liability | 7,118,540 | 6,658,326 | 6,234,683 | 5,934,816 |
| Differences between expected and actual experience | 119,069 | 2,593,636 | 1,847,491 | 84,829 |
| Changes of assumptions | 1,775,845 | - | - | (268,682) |
| Benefit payments, including refunds of employee contributions | (4,641,812) | (4,077,740) | (3,570,600) | (2,966,601) |
| Other changes | - | - | 10,428 | - |
| Net change in total pension liability | <u>5,433,936</u> | <u>6,220,281</u> | <u>5,719,928</u> | <u>4,171,255</u> |
| Total pension liability - beginning | <u>94,173,038</u> | <u>87,952,757</u> | <u>82,232,829</u> | <u>78,061,574</u> |
| Total pension liability - ending (a) | <u>\$ 99,606,974</u> | <u>\$ 94,173,038</u> | <u>\$ 87,952,757</u> | <u>\$ 82,232,829</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 3,525,020 | \$ 3,379,204 | \$ 3,546,156 | \$ 3,852,643 |
| Net investment income | 10,782,546 | 7,274,457 | 749,476 | 6,609,886 |
| Benefit payments, including refunds of member contributions | (4,641,812) | (4,077,740) | (3,570,600) | (2,966,601) |
| Administrative expenses | (134,003) | (82,191) | (94,972) | (75,519) |
| Net change in plan fiduciary net position | <u>9,531,751</u> | <u>6,493,730</u> | <u>630,060</u> | <u>7,420,409</u> |
| Plan fiduciary net position - beginning | <u>72,192,815</u> | <u>65,699,085</u> | <u>65,069,025</u> | <u>57,648,616</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 81,724,566</u> | <u>\$ 72,192,815</u> | <u>\$ 65,699,085</u> | <u>\$ 65,069,025</u> |
| City's net pension liability - ending (a) - (b) | <u>\$ 17,882,408</u> | <u>\$ 21,980,223</u> | <u>\$ 22,253,672</u> | <u>\$ 17,163,804</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 82.05% | 76.66% | 74.70% | 79.13% |
| Covered payroll | \$ 17,554,061 | \$ 19,764,282 | \$ 20,107,088 | \$ 21,870,148 |
| City's net pension liability as a percentage of covered payroll | 101.87% | 111.21% | 110.68% | 78.48% |

Notes to the Schedule:

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

CITY OF ROSWELL, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|------------------|------------------|
| Actuarially determined contribution | \$ 3,768,914 | \$ 3,441,189 | \$ 3,358,543 | \$ 3,608,694 |
| Contributions in relation to the actuarially determined contribution | <u>3,768,914</u> | <u>3,441,189</u> | <u>3,358,543</u> | <u>3,608,694</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 19,764,282 | \$ 20,107,088 | \$ 21,870,148 | \$ 23,744,082 |
| Contributions as a percentage of covered payroll | 19.07% | 17.11% | 15.36% | 15.20% |

Notes to the Schedule:

(1) Actuarial Assumptions:

| | |
|---------------------------------------|---|
| Valuation Date | January 1, 2018 |
| Cost Method | Projected Unit Credit |
| Actuarial Asset Valuation Method | Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value. |
| Assumed Rate of Return on Investments | 7.50% |
| Projected Salary Increases | 2.75% plus service based merit increases |
| Cost-of-living Adjustment | N/A |
| Amortization Method | Closed level dollar for unfunded liability |
| Remaining Amortization Period | Varies for the bases, with a net effective period of 10 years |

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

**CITY OF ROSWELL, GEORGIA
GENERAL FUND**

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

FOR THE YEAR ENDED JUNE 30, 2018

| | Budgeted Amounts | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|---------------------|-----------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 64,690,996 | \$ 65,060,996 | \$ 65,684,768 | \$ 623,772 |
| Licenses and permits | 2,352,000 | 2,352,000 | 2,145,828 | (206,172) |
| Intergovernmental | 184,823 | 184,823 | 136,516 | (48,307) |
| Fines and forfeitures | 1,605,000 | 1,605,000 | 1,599,576 | (5,424) |
| Charges for services | 2,706,169 | 2,706,169 | 2,740,769 | 34,600 |
| Investment earnings | 405,250 | 405,250 | (21,398) | (426,648) |
| Contributions | 20,000 | 20,000 | 46,952 | 26,952 |
| Miscellaneous | 203,000 | 203,000 | 243,279 | 40,279 |
| Total revenues | <u>72,167,238</u> | <u>72,537,238</u> | <u>72,576,290</u> | <u>39,052</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Administration | 11,089,018 | 12,876,188 | 10,987,913 | 1,888,275 |
| Courts | 1,158,172 | 1,194,474 | 1,145,502 | 48,972 |
| Finance | 2,744,286 | 2,812,596 | 2,581,171 | 231,425 |
| Police | 20,712,884 | 21,815,675 | 19,274,536 | 2,541,139 |
| Fire | 6,677,497 | 6,695,624 | 6,647,520 | 48,104 |
| Transportation | 8,190,674 | 8,221,366 | 7,636,159 | 585,207 |
| Planning and zoning | 2,860,320 | 2,917,566 | 2,690,563 | 227,003 |
| Recreation and parks | 11,209,431 | 11,219,614 | 10,888,575 | 331,039 |
| Debt service: | | | | |
| Principal | 1,075,975 | 1,075,975 | 808,202 | 267,773 |
| Interest | 120,148 | 120,148 | 149,841 | (29,693) |
| Total expenditures | <u>65,838,405</u> | <u>68,949,226</u> | <u>62,809,982</u> | <u>6,139,244</u> |
| Excess of revenues over expenditures | 6,328,833 | 3,588,012 | 9,766,308 | 6,178,296 |
| Other financing sources (uses): | | | | |
| Proceeds from sale of capital assets | 100,000 | 959,179 | 1,072,571 | 113,392 |
| Issuance of capital lease | 1,640,000 | 1,640,000 | 1,179,032 | (460,968) |
| Transfers in | 34,421 | 34,421 | 34,421 | - |
| Transfers out | (8,204,004) | (10,608,912) | (10,724,641) | (115,729) |
| Total other financing sources (uses) | <u>(6,429,583)</u> | <u>(7,975,312)</u> | <u>(8,438,617)</u> | <u>(463,305)</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (100,750)</u> | <u>\$ (4,387,300)</u> | 1,327,691 | <u>\$ 5,714,991</u> |
| Less outstanding encumbrances, June 30 | | | <u>732,531</u> | |
| Net change in fund balances (GAAP basis) | | | 2,060,222 | |
| Fund balance, beginning | | | 23,070,266 | |
| Fund balance, ending | | | <u>\$ 25,130,488</u> | |

**CITY OF ROSWELL, GEORGIA
FEDERAL GRANTS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|---------------------|-------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 4,315,598 | \$ 7,117,896 | \$ 2,367,806 | \$ (4,750,090) |
| Total revenues | <u>4,315,598</u> | <u>7,117,896</u> | <u>2,367,806</u> | <u>(4,750,090)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 72,511 | 114,434 | 91,340 | 23,094 |
| Planning and zoning | 32,050 | 32,050 | 30,595 | 1,455 |
| Public works | 14,862 | 15,644 | 2,456,153 | (2,440,509) |
| Public safety | 21,158 | 21,280 | 19,113 | 2,167 |
| Culture and recreation | 14,738 | 15,514 | 1,027,241 | (1,011,727) |
| Capital outlay | 3,550,931 | 6,993,523 | 2,961,271 | 4,032,252 |
| Total expenditures | <u>3,706,250</u> | <u>7,192,445</u> | <u>6,585,713</u> | <u>606,732</u> |
| Deficiency of revenues over expenditures | 609,348 | (74,549) | (4,217,907) | (4,143,358) |
| Other financing sources: | | | | |
| Transfers in | 414,722 | 414,722 | 769,235 | 354,513 |
| Total other financing sources | <u>414,722</u> | <u>414,722</u> | <u>769,235</u> | <u>354,513</u> |
| Net change in fund balances (budgetary basis) | <u>\$ 1,024,070</u> | <u>\$ 340,173</u> | (3,448,672) | <u>\$ (3,788,845)</u> |
| Less outstanding encumbrances, June 30 | | | <u>3,450,955</u> | |
| Net change in fund balances (GAAP basis) | | | 2,283 | |
| Fund balance, beginning | | | (520,388) | |
| Fund balance, ending | | | <u>\$ (518,105)</u> | |

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.

NSP Grants - to account for Neighborhood Stabilization Program grant monies received from various federal agencies.

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

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

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

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

Capital Projects Funds

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Fund

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

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

Permanent Fund

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

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

CITY OF ROSWELL, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

| ASSETS | Special Revenue Funds | | | | | | |
|--|-----------------------|--------------------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
| | Confiscated Assets | Emergency 911 Telephone System | State Grants | County/Local Grants | NSP Grants | CDBG Grants | Soil Erosion |
| Cash and cash equivalents | \$ 1,237,519 | \$ 101,235 | \$ 156,643 | \$ 155 | \$ 125,297 | \$ 3,438 | \$ 333,921 |
| Investments | - | 966,739 | - | - | - | - | - |
| Receivables, net of allowance for uncollectibles | - | 265,722 | - | - | - | - | - |
| Taxes receivable | - | - | - | - | - | - | - |
| Intergovernmental receivable | - | - | - | - | - | 302,144 | - |
| Prepaid items | 4,816 | 11,546 | - | - | - | 4,125 | - |
| Total assets | \$ 1,242,335 | \$ 1,345,242 | \$ 156,643 | \$ 155 | \$ 125,297 | \$ 309,707 | \$ 333,921 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ 231,036 | \$ 22,466 | \$ - | \$ - | \$ - | \$ 42,899 | \$ 103,361 |
| Accrued liabilities | - | 50,799 | - | - | - | - | - |
| Retainage payable | - | - | - | - | - | 18,723 | - |
| Due to other funds | 18,712 | 9,540 | - | - | - | 243,860 | - |
| Total liabilities | 249,748 | 82,805 | - | - | - | 305,482 | 103,361 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unavailable revenue - taxes | - | - | - | - | - | - | - |
| Unavailable revenue - intergovernmental | - | - | - | - | - | 41,295 | - |
| Total deferred inflows of resources | - | - | - | - | - | 41,295 | - |
| FUND BALANCES | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepays | 4,816 | 11,546 | - | - | - | 4,125 | - |
| Permanent fund corpus | - | - | - | - | - | - | - |
| Restricted: | | | | | | | |
| Public safety | 987,771 | 1,250,891 | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Environmental | - | - | - | - | - | - | 38,604 |
| Transportation | - | - | 156,643 | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital projects | - | - | - | 155 | 125,297 | - | - |
| Scholarship | - | - | - | - | - | - | - |
| Committed: | | | | | | | |
| Culture and recreation | - | - | - | - | - | - | - |
| Environmental | - | - | - | - | - | - | 191,956 |
| Unassigned | - | - | - | - | - | (41,195) | - |
| Total fund balances | 992,587 | 1,262,437 | 156,643 | 155 | 125,297 | (37,070) | 230,560 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 1,242,335 | \$ 1,345,242 | \$ 156,643 | \$ 155 | \$ 125,297 | \$ 309,707 | \$ 333,921 |

| Special Revenue Funds | | Capital Projects Funds | | | | Debt Service | Permanent Fund | Total Nonmajor Governmental Funds |
|-----------------------|-------------------|------------------------|-------------------|------------------|-------------------|---------------------|------------------|-----------------------------------|
| Hotel/Motel Tax | Leita Thompson | Impact Fees | 2000 Bond | 2013 Bond | 2014 Bond | Debt Service | Scholarship Fund | |
| \$ 885,784 | \$ 158,968 | \$ 1,897,900 | \$ 412,141 | \$ 16,392 | \$ 194,099 | \$ 134,367 | \$ 10,104 | \$ 5,667,963 |
| - | - | - | - | - | 386,750 | 2,397,083 | 25,202 | 3,775,774 |
| - | 2,932 | - | - | - | 1,664 | 15,786 | - | 286,104 |
| 100,214 | - | - | - | - | - | 34,471 | - | 134,685 |
| - | - | - | - | - | - | - | - | 302,144 |
| - | - | - | - | - | - | 753 | - | 21,240 |
| <u>\$ 985,998</u> | <u>\$ 161,900</u> | <u>\$ 1,897,900</u> | <u>\$ 412,141</u> | <u>\$ 16,392</u> | <u>\$ 582,513</u> | <u>\$ 2,582,460</u> | <u>\$ 35,306</u> | <u>\$ 10,187,910</u> |
| \$ - | \$ 349 | \$ 19,479 | \$ - | \$ - | \$ 126,286 | \$ 931 | \$ - | \$ 546,807 |
| - | 5,050 | - | - | - | - | - | - | 55,849 |
| - | - | 51,997 | - | 5,285 | 113,091 | - | - | 189,096 |
| <u>948,580</u> | <u>-</u> | <u>8,989</u> | <u>412,070</u> | <u>11,107</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,652,858</u> |
| <u>948,580</u> | <u>5,399</u> | <u>80,465</u> | <u>412,070</u> | <u>16,392</u> | <u>239,377</u> | <u>931</u> | <u>-</u> | <u>2,444,610</u> |
| - | - | - | - | - | - | 33,744 | - | 33,744 |
| - | - | - | - | - | - | - | - | 41,295 |
| - | - | - | - | - | - | 33,744 | - | 75,039 |
| - | - | - | - | - | - | 753 | - | 21,240 |
| - | - | - | - | - | - | - | 25,000 | 25,000 |
| - | - | 39,414 | - | - | - | - | - | 2,278,076 |
| 37,418 | - | 705,452 | - | - | - | - | - | 742,870 |
| - | - | - | - | - | - | - | - | 38,604 |
| - | - | 1,072,569 | - | - | - | - | - | 1,229,212 |
| - | - | - | - | - | - | 2,547,032 | - | 2,547,032 |
| - | - | - | 71 | - | 343,136 | - | - | 468,659 |
| - | - | - | - | - | - | - | 10,306 | 10,306 |
| - | 156,501 | - | - | - | - | - | - | 156,501 |
| - | - | - | - | - | - | - | - | 191,956 |
| - | - | - | - | - | - | - | - | (41,195) |
| <u>37,418</u> | <u>156,501</u> | <u>1,817,435</u> | <u>71</u> | <u>-</u> | <u>343,136</u> | <u>2,547,785</u> | <u>35,306</u> | <u>7,668,261</u> |
| <u>\$ 985,998</u> | <u>\$ 161,900</u> | <u>\$ 1,897,900</u> | <u>\$ 412,141</u> | <u>\$ 16,392</u> | <u>\$ 582,513</u> | <u>\$ 2,582,460</u> | <u>\$ 35,306</u> | <u>\$ 10,187,910</u> |

CITY OF ROSWELL, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Special Revenue Funds | | | | | | |
|---|-----------------------|--------------------------------------|-------------------|------------------------|-------------------|--------------------|-------------------|
| | Confiscated Assets | Emergency 911 Telephone System | State Grants | County/Local Grants | NSP Grants | CDBG Grants | Soil Erosion |
| Revenues: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | 3,000 | 14,441 | 496,350 | - |
| Fines and forfeitures | 420,664 | - | - | - | - | - | - |
| Impact fees | - | - | - | - | - | - | - |
| Charges for services | - | 1,961,934 | - | - | - | - | 13,315 |
| Investment earnings (loss) | - | (12,519) | - | - | - | - | (1,723) |
| Miscellaneous | - | - | - | - | - | - | - |
| Total revenues | <u>420,664</u> | <u>1,949,415</u> | <u>-</u> | <u>3,000</u> | <u>14,441</u> | <u>496,350</u> | <u>11,592</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | - | 1,444 | - | - |
| Public safety | 487,167 | 2,219,409 | - | 3,000 | - | - | - |
| Public works | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Planning and zoning | - | - | - | - | - | 446,170 | - |
| Capital outlay | - | 331,749 | - | - | - | 102,463 | - |
| Debt service: | | | | | | | |
| Principal payments | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - |
| Total expenditures | <u>487,167</u> | <u>2,551,158</u> | <u>-</u> | <u>3,000</u> | <u>1,444</u> | <u>548,633</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | (66,503) | (601,743) | - | - | 12,997 | (52,283) | 11,592 |
| Other financing sources (uses): | | | | | | | |
| Proceeds from sale of capital assets | 2,150 | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | 7,767 | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses): | <u>2,150</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,767</u> | <u>-</u> |
| Net change in fund balances | (64,353) | (601,743) | - | - | 12,997 | (44,516) | 11,592 |
| Fund balances, beginning of year | <u>1,056,940</u> | <u>1,864,180</u> | <u>156,643</u> | <u>155</u> | <u>112,300</u> | <u>7,446</u> | <u>218,968</u> |
| Fund balances (deficits), end of year | <u>\$ 992,587</u> | <u>\$ 1,262,437</u> | <u>\$ 156,643</u> | <u>\$ 155</u> | <u>\$ 125,297</u> | <u>\$ (37,070)</u> | <u>\$ 230,560</u> |

| Special Revenue Funds | | Capital Projects Funds | | | | Debt Service | Permanent Fund | Total Nonmajor Governmental Funds |
|-----------------------|-------------------|------------------------|------------------|---------------|-------------------|---------------------|------------------|-----------------------------------|
| Hotel/Motel Tax | Leita Thompson | Impact Fees | 2000 Bond | 2013 Bond | 2014 Bond | Debt Service | Scholarship Fund | |
| \$ 1,044,822 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,221,345 | \$ - | \$ 2,266,167 |
| - | - | - | - | - | - | - | - | 513,791 |
| - | - | - | - | - | - | - | - | 420,664 |
| - | - | 494,171 | - | - | - | - | - | 494,171 |
| - | - | - | - | - | - | - | - | 1,975,249 |
| - | - | - | 71 | 121 | 24,194 | (16,493) | 18 | (6,331) |
| - | 96,223 | - | - | - | - | - | - | 96,223 |
| <u>1,044,822</u> | <u>96,223</u> | <u>494,171</u> | <u>71</u> | <u>121</u> | <u>24,194</u> | <u>1,204,852</u> | <u>18</u> | <u>5,759,934</u> |
| - | - | - | - | - | - | - | - | 1,444 |
| - | - | - | - | - | - | - | - | 2,709,576 |
| - | - | 5,960 | - | - | - | - | - | 5,960 |
| 1,240,830 | 141,848 | - | - | - | - | - | - | 1,382,678 |
| - | - | - | - | - | - | - | - | 446,170 |
| - | - | 1,810,021 | - | 66,453 | 282,021 | - | - | 2,592,707 |
| - | - | - | - | - | - | 1,425,000 | - | 1,425,000 |
| - | - | - | - | - | - | 210,714 | - | 210,714 |
| <u>1,240,830</u> | <u>141,848</u> | <u>1,815,981</u> | <u>-</u> | <u>66,453</u> | <u>282,021</u> | <u>1,635,714</u> | <u>-</u> | <u>8,774,249</u> |
| (196,008) | (45,625) | (1,321,810) | 71 | (66,332) | (257,827) | (430,862) | 18 | (3,014,315) |
| - | - | - | - | - | - | - | - | 2,150 |
| 343,000 | - | - | - | 34,221 | - | - | - | 384,988 |
| (431,646) | - | - | (412,070) | - | - | - | - | (843,716) |
| <u>(88,646)</u> | <u>-</u> | <u>-</u> | <u>(412,070)</u> | <u>34,221</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(456,578)</u> |
| (284,654) | (45,625) | (1,321,810) | (411,999) | (32,111) | (257,827) | (430,862) | 18 | (3,470,893) |
| <u>322,072</u> | <u>202,126</u> | <u>3,139,245</u> | <u>412,070</u> | <u>32,111</u> | <u>600,963</u> | <u>2,978,647</u> | <u>35,288</u> | <u>11,139,154</u> |
| <u>\$ 37,418</u> | <u>\$ 156,501</u> | <u>\$ 1,817,435</u> | <u>\$ 71</u> | <u>\$ -</u> | <u>\$ 343,136</u> | <u>\$ 2,547,785</u> | <u>\$ 35,306</u> | <u>\$ 7,668,261</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, 2018**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|---------------------|---------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Fines and forfeitures | \$ 115,000 | \$ 115,000 | \$ 420,664 | \$ 305,664 |
| Total revenues | <u>115,000</u> | <u>115,000</u> | <u>420,664</u> | <u>305,664</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 439,844 | 767,179 | 541,693 | 225,486 |
| Total expenditures | <u>439,844</u> | <u>767,179</u> | <u>541,693</u> | <u>225,486</u> |
| Deficiency of revenues over expenditures | (324,844) | (652,179) | (121,029) | 531,150 |
| Other financing sources: | | | | |
| Proceeds from sale of capital assets | - | - | 2,150 | 2,150 |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>2,150</u> | <u>2,150</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (324,844)</u> | <u>\$ (652,179)</u> | (118,879) | <u>\$ 533,300</u> |
| Less outstanding encumbrances, June 30 | | | <u>54,526</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ (64,353)</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, 2018**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|---------------------|-----------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services | \$ 1,955,000 | \$ 1,955,000 | \$ 1,961,934 | \$ 6,934 |
| Investment earnings (loss) | 2,000 | 2,000 | (12,519) | (14,519) |
| Total revenues | <u>1,957,000</u> | <u>1,957,000</u> | <u>1,949,415</u> | <u>(7,585)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 2,486,927 | 2,542,632 | 2,219,409 | 323,223 |
| Capital outlay | - | 499,678 | 331,749 | 167,929 |
| Total expenditures | <u>2,486,927</u> | <u>3,042,310</u> | <u>2,551,158</u> | <u>491,152</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (529,927)</u> | <u>\$ (1,085,310)</u> | (601,743) | <u>\$ 483,567</u> |
| Less outstanding encumbrances, June 30 | | | - | |
| Net change in fund balances (GAAP basis) | | | <u>\$ (601,743)</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, 2018**

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

**CITY OF ROSWELL, GEORGIA
NSP GRANTS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|-----------------|------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 8,982 | \$ 14,442 | \$ 14,441 | \$ (1) |
| Total revenues | <u>8,982</u> | <u>14,442</u> | <u>14,441</u> | <u>(1)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,370 | 1,444 | 1,444 | - |
| Total expenditures | <u>1,370</u> | <u>1,444</u> | <u>1,444</u> | <u>-</u> |
| Net change in fund balances (budgetary basis) | <u>\$ 7,612</u> | <u>\$ 12,998</u> | 12,997 | <u>\$ (1)</u> |
| Less outstanding encumbrances, June 30 | | | <u>-</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ 12,997</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, 2018**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|--------------------|--------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 1,376,168 | \$ 1,376,168 | \$ 496,350 | \$ (879,818) |
| Total revenues | <u>1,376,168</u> | <u>1,376,168</u> | <u>496,350</u> | <u>(879,818)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Planning and zoning | 1,303,705 | 1,303,705 | 587,704 | 716,001 |
| Capital outlay | <u>102,463</u> | <u>102,463</u> | <u>149,510</u> | <u>(47,047)</u> |
| Total expenditures | <u>1,406,168</u> | <u>1,406,168</u> | <u>737,214</u> | <u>668,954</u> |
| Other financing sources: | | | | |
| Transfers in | - | - | <u>7,767</u> | <u>7,767</u> |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>7,767</u> | <u>7,767</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (30,000)</u> | <u>\$ (30,000)</u> | (233,097) | <u>\$ (203,097)</u> |
| Less outstanding encumbrances, June 30 | | | <u>188,581</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ (44,516)</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, 2018**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|------------------|--------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services | \$ 15,000 | \$ 15,000 | \$ 13,315 | \$ (1,685) |
| Investment earnings (loss) | 4,750 | 4,750 | (1,723) | (6,473) |
| Total revenues | <u>19,750</u> | <u>19,750</u> | <u>11,592</u> | <u>(8,158)</u> |
| Expenditures: | | | | |
| Capital outlay | - | 100,000 | 100,000 | - |
| Total expenditures | <u>-</u> | <u>100,000</u> | <u>100,000</u> | <u>-</u> |
| Net change in fund balances (budgetary basis) | <u>\$ 19,750</u> | <u>\$ (80,250)</u> | (88,408) | <u>\$ (8,158)</u> |
| Less outstanding encumbrances, June 30 | | | <u>100,000</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ 11,592</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, 2018**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|---------------------|--------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 1,257,481 | \$ 1,257,481 | \$ 1,044,822 | \$ (212,659) |
| Total revenues | <u>1,257,481</u> | <u>1,257,481</u> | <u>1,044,822</u> | <u>(212,659)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation | 1,241,797 | 1,241,797 | 1,240,830 | 967 |
| Total expenditures | <u>1,241,797</u> | <u>1,241,797</u> | <u>1,240,830</u> | <u>967</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 183,000 | 343,000 | 343,000 | - |
| Transfers out | (473,396) | (431,646) | (431,646) | - |
| Total other financing sources (uses) | <u>(290,396)</u> | <u>(88,646)</u> | <u>(88,646)</u> | <u>-</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (274,712)</u> | <u>\$ (72,962)</u> | (284,654) | <u>\$ (211,692)</u> |
| Less outstanding encumbrances, June 30 | | | - | |
| Net change in fund balances (GAAP basis) | | | <u>\$ (284,654)</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, 2018**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|--------------------|--------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Miscellaneous | \$ 85,000 | \$ 85,000 | \$ 96,223 | \$ 11,223 |
| Total revenues | <u>85,000</u> | <u>85,000</u> | <u>96,223</u> | <u>11,223</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation | 106,560 | 146,832 | 141,848 | 4,984 |
| Total expenditures | <u>106,560</u> | <u>146,832</u> | <u>141,848</u> | <u>4,984</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (21,560)</u> | <u>\$ (61,832)</u> | (45,625) | <u>\$ 16,207</u> |
| Less outstanding encumbrances, June 30 | | | - | |
| Net change in fund balances (GAAP basis) | | | <u>\$ (45,625)</u> | |

**CITY OF ROSWELL, GEORGIA
DEBT SERVICE**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|---------------------|---------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 1,202,410 | \$ 1,202,410 | \$ 1,221,345 | \$ 18,935 |
| Investment earnings (loss) | 29,564 | 29,564 | (16,493) | (46,057) |
| Total revenues | <u>1,231,974</u> | <u>1,231,974</u> | <u>1,204,852</u> | <u>(27,122)</u> |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 1,425,000 | 1,425,000 | 1,425,000 | - |
| Interest | 225,000 | 225,000 | 210,714 | 14,286 |
| Total expenditures | <u>1,650,000</u> | <u>1,650,000</u> | <u>1,635,714</u> | <u>14,286</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (418,026)</u> | <u>\$ (418,026)</u> | (430,862) | <u>\$ (12,836)</u> |
| Less outstanding encumbrances, June 30 | | | - | |
| Net change in fund balances (GAAP basis) | | | <u>\$ (430,862)</u> | |

**CITY OF ROSWELL, GEORGIA
SCHOLARSHIP FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|-------------|-------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Investment earnings | \$ 50 | \$ 50 | \$ 18 | \$ (32) |
| Total revenues | <u>50</u> | <u>50</u> | <u>18</u> | <u>(32)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation | 50 | 50 | - | 50 |
| Total expenditures | <u>50</u> | <u>50</u> | <u>-</u> | <u>50</u> |
| Net change in fund balances (budgetary basis) | <u>\$ -</u> | <u>\$ -</u> | 18 | <u>\$ 18</u> |
| Less outstanding encumbrances, June 30 | | | <u>-</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ 18</u> | |

CITY OF ROSWELL, GEORGIA

**SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX (TSPLOST)
FOR THE YEAR ENDED JUNE 30, 2018**

| PROJECT | ESTIMATED COST | | EXPENDITURES | | | PROJECT COMPLETION |
|--|-----------------------|-----------------------|------------------|---------------------|---------------------|--------------------|
| | ORIGINAL | CURRENT | PRIOR | CURRENT | TOTAL | |
| TSPLOST TIER 1 | | | | | | |
| Big Creek Parkway Phase 1 and 2, Holcomb Bridge Interchange, Historic Gateway Enhancements, Rucker Road Reconstruction | \$ 69,000,000 | \$ 69,000,000 | \$ 41,770 | \$ 1,028,008 | \$ 1,069,778 | 1.55 % |
| Oxbo/SR9 Intersection | 7,000,000 | 7,000,000 | 4,238 | 3,830,084 | 3,834,322 | 54.78 % |
| Old Holcomb Bridge Road Bridge Replacement | 3,086,390 | 3,086,390 | 1,868 | 25,320 | 27,188 | 0.88 % |
| TSPLOST TIER 2 | | | | | | |
| Sidewalk Repair and Complete Streets Program | 7,000,000 | 7,000,000 | - | - | - | 0.00 % |
| Safety Improvements and Maintenance | 6,956,422 | 6,956,422 | - | - | - | 0.00 % |
| TSPLOST TIER 3 | | | | | | |
| Northbound Early Off Ramp | 14,011,490 | 14,011,490 | - | - | - | 0.00 % |
| TOTAL TSPLOST | \$ 107,054,302 | \$ 107,054,302 | \$ 47,876 | \$ 4,883,412 | \$ 4,931,288 | |

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.

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

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

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

JUNE 30, 2018

| | Group Health Fund | Risk Management Fund | Workers' Compensation Fund | Fleet Services Fund | Total |
|---------------------------------------|-------------------------|----------------------------|----------------------------------|---------------------------|---------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash | \$ 1,024,096 | \$ 934,638 | \$ 467,680 | \$ 278,390 | \$ 2,704,804 |
| Investments | 1,913,678 | - | 987,340 | - | 2,901,018 |
| Receivables | 263,866 | - | 4,491 | - | 268,357 |
| Prepaid items | 1,305 | 238,569 | 60,404 | 385 | 300,663 |
| Total current assets | <u>3,202,945</u> | <u>1,173,207</u> | <u>1,519,915</u> | <u>278,775</u> | <u>6,174,842</u> |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Capital assets, being depreciated | - | 253,717 | - | - | 253,717 |
| Less accumulated depreciation | - | (63,429) | - | - | (63,429) |
| Total noncurrent assets | <u>-</u> | <u>190,288</u> | <u>-</u> | <u>-</u> | <u>190,288</u> |
| Total assets | <u>3,202,945</u> | <u>1,363,495</u> | <u>1,519,915</u> | <u>278,775</u> | <u>6,365,130</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension related items | 20,096 | 17,479 | - | 57,686 | 95,261 |
| Total deferred outflows of resources | <u>20,096</u> | <u>17,479</u> | <u>-</u> | <u>57,686</u> | <u>95,261</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 70,355 | 5,869 | 152,236 | 77,120 | 305,580 |
| Accrued liabilities | 1,002,140 | 2,774 | 893,726 | 18,119 | 1,916,759 |
| Due to other funds | 529,348 | - | 3,135 | - | 532,483 |
| Compensated absences | 7,891 | 5,408 | 1,510 | 16,127 | 30,936 |
| Total current liabilities | <u>1,609,734</u> | <u>14,051</u> | <u>1,050,607</u> | <u>111,366</u> | <u>2,785,758</u> |
| Long-term liabilities: | | | | | |
| Compensated absences | 2,875 | 450 | 952 | 8,552 | 12,829 |
| Net pension liability | 72,532 | 63,086 | - | 208,207 | 343,825 |
| Total long-term liabilities | <u>75,407</u> | <u>63,536</u> | <u>952</u> | <u>216,759</u> | <u>356,654</u> |
| Total liabilities | <u>1,685,141</u> | <u>77,587</u> | <u>1,051,559</u> | <u>328,125</u> | <u>3,142,412</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Pension related items | 17,130 | 14,899 | - | 49,173 | 81,202 |
| Total deferred inflows of resources | <u>17,130</u> | <u>14,899</u> | <u>-</u> | <u>49,173</u> | <u>81,202</u> |
| NET POSITION | | | | | |
| Investment in capital assets | - | 190,288 | - | - | 190,288 |
| Unrestricted | 1,520,770 | 1,098,200 | 468,356 | (40,837) | 3,046,489 |
| Total net position | <u>\$ 1,520,770</u> | <u>\$ 1,288,488</u> | <u>\$ 468,356</u> | <u>\$ (40,837)</u> | <u>\$ 3,236,777</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, 2018

| | Group Health Fund | Risk Management Fund | Workers' Compensation Fund | Fleet Services Fund | Total |
|---|-------------------------|----------------------------|----------------------------------|---------------------------|---------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 7,786,760 | \$ 1,049,999 | \$ 615,980 | \$ 1,695,090 | \$ 11,147,829 |
| Miscellaneous | 1,388,521 | - | - | - | 1,388,521 |
| Total operating revenues | <u>9,175,281</u> | <u>1,049,999</u> | <u>615,980</u> | <u>1,695,090</u> | <u>12,536,350</u> |
| OPERATING EXPENSES | | | | | |
| General and administrative | 1,918,894 | 234,285 | 225,989 | 1,724,864 | 4,104,032 |
| Depreciation | - | 50,743 | - | - | 50,743 |
| Claims expense | 7,564,894 | 939,221 | 1,237,719 | - | 9,741,834 |
| Total operating expenses | <u>9,483,788</u> | <u>1,224,249</u> | <u>1,463,708</u> | <u>1,724,864</u> | <u>13,896,609</u> |
| Operating loss | (308,507) | (174,250) | (847,728) | (29,774) | (1,360,259) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment earnings (loss) | 13,176 | 13,463 | (2,440) | - | 24,199 |
| Total nonoperating revenues (expenses) | <u>13,176</u> | <u>13,463</u> | <u>(2,440)</u> | <u>-</u> | <u>24,199</u> |
| Loss before transfers | (295,331) | (160,787) | (850,168) | (29,774) | (1,336,060) |
| Transfers out | - | (47,403) | - | (24,166) | (71,569) |
| Total transfers | <u>-</u> | <u>(47,403)</u> | <u>-</u> | <u>(24,166)</u> | <u>(71,569)</u> |
| Change in net position | (295,331) | (208,190) | (850,168) | (53,940) | (1,407,629) |
| NET POSITION, beginning of year | <u>1,816,101</u> | <u>1,496,678</u> | <u>1,318,524</u> | <u>13,103</u> | <u>4,644,406</u> |
| NET POSITION, end of year | <u>\$ 1,520,770</u> | <u>\$ 1,288,488</u> | <u>\$ 468,356</u> | <u>\$ (40,837)</u> | <u>\$ 3,236,777</u> |

CITY OF ROSWELL, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Group Health Fund | Risk Management Fund | Workers' Compensation Fund | Fleet Services Fund | Total |
|---|-------------------------|----------------------------|----------------------------------|---------------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers and users | \$ 1,883,355 | \$ - | \$ - | \$ - | \$ 1,883,355 |
| Receipts from interfund charges | 6,742,993 | 1,049,999 | 615,980 | 1,695,090 | 10,104,062 |
| Payments to suppliers and service providers | (9,645,811) | (1,366,598) | (860,556) | (1,717,845) | (13,590,810) |
| Net cash used in operating activities | <u>(1,019,463)</u> | <u>(316,599)</u> | <u>(244,576)</u> | <u>(22,755)</u> | <u>(1,603,393)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of investments | - | - | (998,778) | - | (998,778) |
| Proceeds from sale of investments | 497,813 | 1,220,438 | - | - | 1,718,251 |
| Interest received | 29,150 | 22,034 | 4,507 | - | 55,691 |
| Net cash provided by (used in) investing activities | <u>526,963</u> | <u>1,242,472</u> | <u>(994,271)</u> | <u>-</u> | <u>775,164</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers out | - | (47,403) | - | (24,166) | (71,569) |
| Net cash used in noncapital financing activities | <u>-</u> | <u>(47,403)</u> | <u>-</u> | <u>(24,166)</u> | <u>(71,569)</u> |
| Net increase (decrease) in cash | (492,500) | 878,470 | (1,238,847) | (46,921) | (899,798) |
| Cash: | | | | | |
| Beginning of year | <u>1,516,596</u> | <u>56,168</u> | <u>1,706,527</u> | <u>325,311</u> | <u>3,604,602</u> |
| End of year | <u>\$ 1,024,096</u> | <u>\$ 934,638</u> | <u>\$ 467,680</u> | <u>\$ 278,390</u> | <u>\$ 2,704,804</u> |
| Reconciliation of operating loss to net cash used in operating activities: | | | | | |
| Operating loss | \$ (308,507) | \$ (174,250) | \$ (847,728) | \$ (29,774) | \$ (1,360,259) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | | | | |
| Depreciation | - | 50,743 | - | - | 50,743 |
| Increase in accounts receivable | (239,836) | - | - | - | (239,836) |
| (Increase) decrease in prepaids | 155 | (16,887) | 4 | 2,330 | (14,398) |
| (Increase) decrease in pension related deferred outflows of resources | (2,118) | (1,693) | - | 960 | (2,851) |
| Increase (decrease) in accounts payable | (44,163) | (182,697) | 137,311 | 66,514 | (23,035) |
| Increase (decrease) in accrued liabilities | (126,215) | - | 461,713 | 352 | 335,850 |
| Decrease in pension related deferred inflows of resources | 16,735 | 14,553 | - | 47,885 | 79,173 |
| Increase (decrease) in compensated absences | 928 | 686 | 1,084 | (14,464) | (11,766) |
| Decrease in net pension liability | (7,345) | (7,054) | - | (52,368) | (66,767) |
| Increase (decrease) in due to other funds | (309,097) | - | 3,040 | (44,190) | (350,247) |
| Net cash used in operating activities | <u>\$ (1,019,463)</u> | <u>\$ (316,599)</u> | <u>\$ (244,576)</u> | <u>\$ (22,755)</u> | <u>\$ (1,603,393)</u> |
| NONCASH INVESTING ACTIVITIES | | | | | |
| Decrease in fair value of investments | <u>\$ (27,096)</u> | <u>\$ (1,901)</u> | <u>\$ (11,438)</u> | <u>\$ -</u> | <u>\$ (40,435)</u> |

COMPONENT UNIT

CITY OF ROSWELL, GEORGIA
BALANCE SHEET
COMPONENT UNIT - ROSWELL ECONOMIC
DEVELOPMENT & TOURISM, INC.

JUNE 30, 2018

| ASSETS | |
|--|--------------------------|
| Cash and cash equivalents | \$ 700,938 |
| Receivables | <u>4,194</u> |
| Total assets | <u><u>\$ 705,132</u></u> |
| LIABILITIES AND FUND BALANCES | |
| LIABILITIES | |
| Accounts payable | \$ 19,618 |
| Accrued liabilities | <u>11,149</u> |
| Total liabilities | <u>30,767</u> |
| FUND BALANCES | |
| Restricted: | |
| Tourism | 392,865 |
| Economic development | <u>281,500</u> |
| Total fund balances | <u>674,365</u> |
| Total liabilities and fund balances | <u><u>\$ 705,132</u></u> |

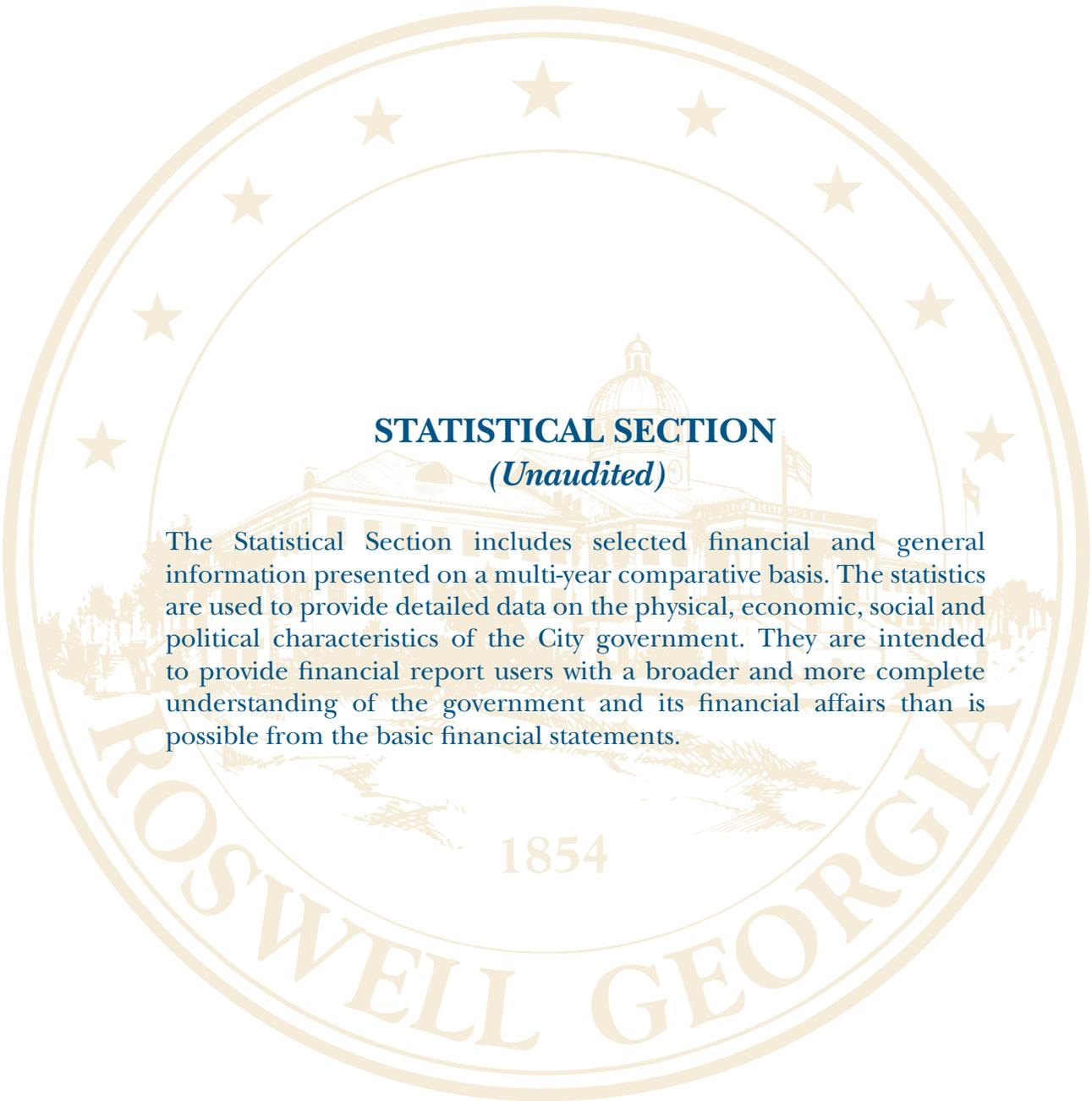
CITY OF ROSWELL, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE
COMPONENT UNIT - ROSWELL ECONOMIC
DEVELOPMENT & TOURISM, INC.

FOR THE YEAR ENDED JUNE 30, 2018

| | |
|--|--------------|
| Revenues: | |
| Intergovernmental | \$ 1,234,948 |
| Charges for services | 219,756 |
| Investment earnings | 60 |
| Total revenues | 1,454,764 |
| Expenditures: | |
| Current: | |
| Culture and recreation | 641,371 |
| Economic development | 669,355 |
| Total expenditures | 1,310,726 |
| Net change in fund balances | 144,038 |
| Fund balance, beginning of year | 530,327 |
| Fund balance, end of year | \$ 674,365 |

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The seal of Roswell, Georgia, is a circular emblem. It features a central illustration of a large, classical-style building with a prominent dome, likely the city's government center. The building is surrounded by trees and a walkway. Above the building, there are several five-pointed stars arranged in a semi-circle. Below the building, the year "1854" is inscribed. The words "ROSWELL GEORGIA" are written in a large, serif font along the bottom inner edge of the seal's border.

STATISTICAL SECTION

(Unaudited)

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

1854

ROSWELL GEORGIA

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>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Net investment in capital assets | \$ 117,562 | \$ 126,837 | \$ 140,779 | \$ 156,690 |
| Restricted | 7,845 | 8,314 | 21,015 | 11,443 |
| Unrestricted | 69,817 | 65,539 | 50,820 | 49,347 |
| Total governmental activities net position | <u>\$ 195,224</u> | <u>\$ 200,690</u> | <u>\$ 212,614</u> | <u>\$ 217,480</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Net investment in capital assets | \$ 10,963 | \$ 13,044 | \$ 14,581 | \$ 15,146 |
| Restricted | - | - | - | 1,644 |
| Unrestricted | 13,867 | 14,349 | 15,314 | 15,005 |
| Total business-type activities net position | <u>\$ 24,830</u> | <u>\$ 27,393</u> | <u>\$ 29,895</u> | <u>\$ 31,795</u> |
| PRIMARY GOVERNMENT | | | | |
| Net investment in capital assets | \$ 128,525 | \$ 139,881 | \$ 155,360 | \$ 171,836 |
| Restricted | 7,845 | 8,314 | 21,015 | 13,087 |
| Unrestricted | 83,684 | 79,888 | 66,134 | 64,352 |
| Total primary government net position | <u>\$ 220,054</u> | <u>\$ 228,083</u> | <u>\$ 242,509</u> | <u>\$ 249,275</u> |

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 154,588 | \$ 166,282 | \$ 173,845 | \$ 177,409 | \$ 181,858 | \$ 191,695 |
| 20,996 | 27,264 | 20,074 | 14,606 | 14,398 | 22,034 |
| 46,557 | 35,192 | 22,277 | 29,760 | 28,795 | 28,911 |
| <u>\$ 222,141</u> | <u>\$ 228,738</u> | <u>\$ 216,196</u> | <u>\$ 221,775</u> | <u>\$ 225,051</u> | <u>\$ 242,639</u> |
| | | | | | |
| \$ 17,069 | \$ 20,108 | \$ 22,295 | \$ 22,747 | \$ 23,213 | \$ 23,712 |
| - | - | - | - | - | - |
| 16,828 | 15,277 | 11,739 | 11,188 | 12,218 | 11,079 |
| <u>\$ 33,897</u> | <u>\$ 35,385</u> | <u>\$ 34,034</u> | <u>\$ 33,935</u> | <u>\$ 35,431</u> | <u>\$ 34,791</u> |
| | | | | | |
| \$ 171,657 | \$ 186,390 | \$ 196,140 | \$ 200,156 | \$ 205,070 | \$ 215,407 |
| 20,996 | 27,264 | 20,074 | 14,606 | 14,398 | 22,034 |
| 63,385 | 50,469 | 34,016 | 40,948 | 41,013 | 39,990 |
| <u>\$ 256,038</u> | <u>\$ 264,123</u> | <u>\$ 250,230</u> | <u>\$ 255,710</u> | <u>\$ 260,481</u> | <u>\$ 277,430</u> |

CITY OF ROSWELL, GEORGIA

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

| | 2009 | 2010 | 2011 | 2012 |
|---|-----------|-----------|-----------|-----------|
| EXPENSES | | | | |
| Governmental activities: | | | | |
| General government | \$ 7,130 | \$ 7,309 | \$ 8,049 | \$ 8,237 |
| Judicial | 1,484 | 1,502 | 1,442 | 1,374 |
| Financial services | 2,387 | 2,335 | 1,528 | 2,216 |
| Public safety | 23,764 | 24,880 | 24,346 | 26,037 |
| Public works | 9,402 | 12,380 | 12,670 | 13,438 |
| Planning and zoning | 3,675 | 3,650 | 3,978 | 2,541 |
| Culture and recreation | 12,198 | 12,340 | 11,445 | 12,102 |
| Interest and paying agent fees | 1,506 | 1,278 | 1,193 | 823 |
| Total governmental activities expenses | 61,546 | 65,674 | 64,651 | 66,768 |
| Business-type activities: | | | | |
| Water and sewer | 2,680 | 3,057 | 2,936 | 3,330 |
| Solid waste | 8,607 | 8,985 | 8,951 | 8,887 |
| Participant recreation | 3,859 | 3,855 | 4,964 | 4,844 |
| Stormwater | - | - | - | 1,418 |
| Total business-type activities expenses | 15,146 | 15,897 | 16,851 | 18,479 |
| Total primary government expenses | \$ 76,692 | \$ 81,571 | \$ 81,502 | \$ 85,247 |
| PROGRAM REVENUES | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 1,899 | \$ 1,256 | \$ 3,420 | \$ 3,120 |
| Judicial (2) | 584 | 2,259 | 2,969 | 2,938 |
| Public safety | 4,650 | 2,918 | 2,176 | 2,530 |
| Public works | 481 | 1,480 | 67 | 264 |
| Planning and zoning | 698 | 373 | 17 | 609 |
| Culture and recreation | 273 | 512 | 350 | 80 |
| Total charges for services | 8,585 | 8,798 | 8,999 | 9,541 |
| Operating grants and contributions (1) | 737 | 2,368 | 1,406 | 983 |
| Capital grants and contributions (1) | 1,323 | 2,222 | 9,443 | 2,883 |
| Total governmental activities program revenues | 10,645 | 13,388 | 19,848 | 13,407 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer | 3,257 | 3,297 | 3,304 | 3,567 |
| Solid waste | 9,681 | 9,981 | 9,821 | 8,655 |
| Participant recreation | 3,910 | 4,126 | 4,345 | 4,626 |
| Stormwater | - | - | - | 2,900 |
| Total charges for services | 16,848 | 17,404 | 17,470 | 19,748 |
| Capital grants and contributions (1) | - | 844 | - | - |
| Total business-type activities program revenues | 16,848 | 18,248 | 17,470 | 19,748 |
| Total primary government program revenues | \$ 27,493 | \$ 31,636 | \$ 37,318 | \$ 33,155 |

(continued)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----|---------------|---------------|---------------|---------------|---------------|----------------|
| \$ | 8,455 | \$ 9,448 | \$ 9,033 | \$ 10,991 | \$ 12,568 | \$ 12,792 |
| | 1,371 | 1,265 | 1,155 | 978 | 1,160 | 1,140 |
| | 2,159 | 1,994 | 3,079 | 2,227 | 2,822 | 3,160 |
| | 24,622 | 25,881 | 26,043 | 27,540 | 31,044 | 31,406 |
| | 12,355 | 11,433 | 16,115 | 16,307 | 12,562 | 13,943 |
| | 2,844 | 3,260 | 3,625 | 3,467 | 3,356 | 3,299 |
| | 12,258 | 12,767 | 13,732 | 13,104 | 14,354 | 14,836 |
| | 574 | 525 | 363 | 188 | 238 | 301 |
| | <u>64,638</u> | <u>66,573</u> | <u>73,145</u> | <u>74,802</u> | <u>78,103</u> | <u>80,877</u> |
| | 2,861 | 3,091 | 3,122 | 3,705 | 3,896 | 4,136 |
| | 8,928 | 9,064 | 8,868 | 9,838 | 9,768 | 10,393 |
| | 4,964 | 4,788 | 5,277 | 5,331 | 5,248 | 5,469 |
| | 1,522 | 1,628 | 1,631 | 2,050 | 2,277 | 2,247 |
| | <u>18,275</u> | <u>18,571</u> | <u>18,898</u> | <u>20,924</u> | <u>21,188</u> | <u>22,244</u> |
| \$ | <u>82,913</u> | <u>85,144</u> | <u>92,043</u> | <u>95,726</u> | <u>99,291</u> | <u>103,121</u> |
| \$ | 2,988 | \$ 3,066 | \$ 2,968 | \$ 3,581 | \$ 3,458 | \$ 3,425 |
| | 2,246 | 1,702 | 1,921 | 1,519 | 1,545 | 1,600 |
| | 1,844 | 2,032 | 2,305 | 2,145 | 2,762 | 2,391 |
| | 570 | 697 | 488 | 952 | 1,355 | 520 |
| | 766 | 1,454 | 1,721 | 2,050 | 1,757 | 1,416 |
| | 99 | 103 | 96 | 85 | 85 | 96 |
| | <u>8,513</u> | <u>9,054</u> | <u>9,499</u> | <u>10,332</u> | <u>10,962</u> | <u>9,448</u> |
| | 491 | 811 | 1,266 | 1,385 | 1,246 | 2,180 |
| | 2,101 | 1,710 | 1,248 | 1,340 | 3,905 | 18,313 |
| | <u>11,105</u> | <u>11,575</u> | <u>12,013</u> | <u>13,057</u> | <u>16,113</u> | <u>29,941</u> |
| | 3,219 | 3,250 | 3,671 | 3,717 | 4,740 | 3,976 |
| | 8,857 | 8,636 | 8,673 | 8,149 | 9,363 | 9,134 |
| | 4,672 | 4,576 | 4,812 | 5,231 | 5,254 | 5,314 |
| | 3,052 | 3,046 | 3,064 | 3,057 | 3,174 | 3,111 |
| | <u>19,800</u> | <u>19,508</u> | <u>20,220</u> | <u>20,154</u> | <u>22,531</u> | <u>21,534</u> |
| | - | - | - | - | - | - |
| | <u>19,800</u> | <u>19,508</u> | <u>20,220</u> | <u>20,154</u> | <u>22,531</u> | <u>21,534</u> |
| \$ | <u>30,905</u> | <u>31,083</u> | <u>32,233</u> | <u>33,211</u> | <u>38,644</u> | <u>51,475</u> |

CITY OF ROSWELL, GEORGIA

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

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Net (expense)/revenue | | | | |
| Governmental activities | \$ (50,901) | \$ (52,286) | \$ (44,803) | \$ (53,361) |
| Business-type activities | 1,702 | 2,351 | 619 | 1,269 |
| Total primary government net expense | <u>\$ (49,199)</u> | <u>\$ (49,935)</u> | <u>\$ (44,184)</u> | <u>\$ (52,092)</u> |
| GENERAL REVENUES AND OTHER | | | | |
| CHANGES IN NET POSITION | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | \$ 31,890 | \$ 31,674 | \$ 31,344 | \$ 30,227 |
| Sales taxes | 19,720 | 19,562 | 20,406 | 21,863 |
| Hotel/Motel taxes | 686 | 602 | 721 | 788 |
| Business taxes | 5,378 | 5,248 | 5,345 | 5,028 |
| Total taxes | <u>57,674</u> | <u>57,086</u> | <u>57,816</u> | <u>57,906</u> |
| Investment earnings | 1,751 | 593 | 559 | 411 |
| Gain on sale of capital assets | - | - | - | 148 |
| Miscellaneous | 202 | 73 | 100 | 179 |
| Transfers | (425) | - | (1,748) | (418) |
| Total governmental activities | <u>59,202</u> | <u>57,752</u> | <u>56,727</u> | <u>58,226</u> |
| Business-type activities: | | | | |
| Investment earnings | 280 | 123 | 135 | 70 |
| Gain on sale of capital assets | 24 | 89 | - | 144 |
| Miscellaneous | - | - | - | - |
| Transfers | 425 | - | 1,748 | 418 |
| Total business-type activities | <u>729</u> | <u>212</u> | <u>1,883</u> | <u>632</u> |
| Total primary government | <u>\$ 59,931</u> | <u>\$ 57,964</u> | <u>\$ 58,610</u> | <u>\$ 58,858</u> |
| CHANGE IN NET POSITION | | | | |
| Governmental activities | \$ 8,301 | \$ 5,466 | \$ 11,924 | \$ 4,865 |
| Business-type activities | 2,431 | 2,563 | 2,502 | 1,901 |
| Total primary government | <u>\$ 10,732</u> | <u>\$ 8,029</u> | <u>\$ 14,426</u> | <u>\$ 6,766</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 2008 to 2017 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.

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ (53,533) | \$ (54,998) | \$ (61,132) | \$ (61,745) | \$ (61,990) | \$ (50,936) |
| 1,525 | 937 | 1,322 | (770) | 1,342 | (710) |
| <u>\$ (52,008)</u> | <u>\$ (54,061)</u> | <u>\$ (59,810)</u> | <u>\$ (62,515)</u> | <u>\$ (60,648)</u> | <u>\$ (51,646)</u> |
| | | | | | |
| \$ 30,398 | \$ 31,239 | \$ 31,578 | \$ 32,774 | \$ 33,165 | \$ 33,370 |
| 21,816 | 22,835 | 23,965 | 24,304 | 24,368 | 25,827 |
| 797 | 875 | 993 | 1,068 | 1,134 | 1,045 |
| 5,351 | 5,578 | 5,603 | 6,217 | 6,666 | 7,738 |
| <u>58,362</u> | <u>60,527</u> | <u>62,139</u> | <u>64,363</u> | <u>65,332</u> | <u>67,979</u> |
| 229 | 587 | 651 | 973 | 51 | 16 |
| - | - | 60 | 2,155 | - | 463 |
| 217 | 119 | 467 | 264 | 76 | 124 |
| <u>(571)</u> | <u>(362)</u> | <u>(48)</u> | <u>(431)</u> | <u>(194)</u> | <u>(56)</u> |
| <u>58,237</u> | <u>60,871</u> | <u>63,269</u> | <u>67,324</u> | <u>65,265</u> | <u>68,525</u> |
| | | | | | |
| 5 | 160 | 62 | 150 | (40) | (11) |
| - | 28 | - | 90 | - | - |
| - | - | - | - | - | 25 |
| 571 | 362 | 48 | 431 | 194 | 56 |
| <u>576</u> | <u>550</u> | <u>110</u> | <u>671</u> | <u>154</u> | <u>70</u> |
| | | | | | |
| <u>\$ 58,813</u> | <u>\$ 61,421</u> | <u>\$ 63,379</u> | <u>\$ 67,995</u> | <u>\$ 65,419</u> | <u>\$ 68,596</u> |
| | | | | | |
| \$ 4,704 | \$ 5,873 | \$ 2,137 | \$ 5,579 | \$ 3,275 | \$ 17,589 |
| 2,101 | 1,487 | 1,432 | (99) | 1,496 | (640) |
| <u>\$ 6,805</u> | <u>\$ 7,360</u> | <u>\$ 3,569</u> | <u>\$ 5,480</u> | <u>\$ 4,771</u> | <u>\$ 16,950</u> |

CITY OF ROSWELL, GEORGIA

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

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|------------------------------------|------------------|------------------|------------------|------------------|
| General fund | | | | |
| Reserved | \$ 714 | \$ 620 | \$ - | \$ - |
| Unreserved | 35,224 | 31,858 | - | - |
| Nonspendable | - | - | 291 | 188 |
| Restricted | - | - | 104 | 88 |
| Committed | - | - | 16,329 | 14,007 |
| Assigned | - | - | 6,893 | 3,299 |
| Unassigned | - | - | 7,418 | 8,882 |
| Total general fund | <u>35,938</u> | <u>32,478</u> | <u>31,035</u> | <u>26,464</u> |
| All other governmental funds | | | | |
| Reserved | 12,377 | 15,400 | - | - |
| Unreserved, reported in: | | | | |
| Special revenue funds | 4,289 | 1,307 | - | - |
| Debt service funds | 20,602 | 19,219 | - | - |
| Capital projects funds | - | - | - | - |
| Nonspendable | - | - | 130 | 63 |
| Restricted | - | - | 19,693 | 11,116 |
| Committed | - | - | 399 | 494 |
| Assigned | - | - | 15,929 | 17,519 |
| Unassigned | - | - | (1,188) | (1,699) |
| Total all other governmental funds | <u>37,268</u> | <u>35,926</u> | <u>34,963</u> | <u>27,493</u> |
| Total all funds | <u>\$ 73,206</u> | <u>\$ 68,404</u> | <u>\$ 65,998</u> | <u>\$ 53,957</u> |

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

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| 570 | 812 | 377 | 352 | 372 | 449 |
| 66 | 52 | 20 | 1 | 1 | - |
| 14,398 | 16,596 | 15,436 | 16,426 | 17,200 | 18,087 |
| 2,826 | 2,507 | 3,271 | 3,475 | 1,522 | 1,413 |
| 3,408 | 3,034 | 5,445 | 5,407 | 3,976 | 5,181 |
| <u>21,268</u> | <u>23,001</u> | <u>24,549</u> | <u>25,661</u> | <u>23,072</u> | <u>25,130</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 297 | 343 | 114 | 51 | 40 | 54 |
| 20,452 | 27,029 | 19,839 | 14,526 | 14,329 | 21,958 |
| 531 | 434 | 422 | 482 | 382 | 348 |
| 19,187 | 17,748 | 16,405 | 17,446 | 17,395 | 16,354 |
| (420) | (874) | (553) | (1,409) | (521) | (559) |
| <u>40,047</u> | <u>44,680</u> | <u>36,227</u> | <u>31,096</u> | <u>31,625</u> | <u>38,155</u> |
| <u>\$ 61,315</u> | <u>\$ 67,681</u> | <u>\$ 60,776</u> | <u>\$ 56,757</u> | <u>\$ 54,697</u> | <u>\$ 63,285</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)

| | 2009 | 2010 | 2011 | 2012 |
|--|-------------------|-------------------|-------------------|--------------------|
| REVENUES | | | | |
| Taxes | \$ 57,198 | \$ 57,967 | \$ 57,641 | \$ 58,008 |
| Licenses and permits | 1,295 | 1,187 | 1,268 | 1,430 |
| Intergovernmental | 3,058 | 1,801 | 4,679 | 3,788 |
| Fines and forfeitures | 3,476 | 3,392 | 3,345 | 3,303 |
| Charges for services | 3,683 | 4,115 | 4,127 | 4,159 |
| Impact fees | - | 95 | 276 | 245 |
| Investment earnings (1) | 1,707 | 569 | 527 | 391 |
| Contributions | - | - | - | 25 |
| Miscellaneous | 119 | 73 | 100 | 260 |
| Total revenues | 70,536 | 69,199 | 71,963 | 71,609 |
| EXPENDITURES | | | | |
| General government | 6,356 | 6,565 | 7,479 | 7,672 |
| Judicial | 1,532 | 1,501 | 1,439 | 1,377 |
| Financial services | 2,425 | 2,323 | 1,456 | 2,087 |
| Public safety | 23,205 | 24,108 | 23,218 | 24,742 |
| Public works | 7,531 | 9,862 | 9,673 | 10,584 |
| Planning and zoning | 3,749 | 3,660 | 3,945 | 2,459 |
| Culture and recreation | 10,639 | 10,522 | 9,414 | 10,021 |
| Capital outlay | 12,774 | 9,303 | 9,592 | 11,099 |
| Principal on long-term debt | 4,705 | 4,755 | 5,165 | 12,250 |
| Interest and paying agent fees | 1,484 | 1,432 | 1,240 | 1,093 |
| Total expenditures | 74,400 | 74,031 | 72,621 | 83,384 |
| Excess (deficiency) of revenues over expenditures | (3,864) | (4,832) | (658) | (11,775) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Assets | 11,090 | 30 | - | 153 |
| Transfers in | (11,080) | 8,539 | 7,821 | 11,908 |
| Transfers out | - | (8,539) | (9,569) | (13,327) |
| Proceeds from bond issuance | - | - | - | - |
| Premium on bonds issued | - | - | - | - |
| Payments to refunded bond escrow agent | - | - | - | - |
| Capital leases | 94 | - | - | - |
| Notes payable | - | - | - | - |
| Installment sales agreement | - | - | - | - |
| Total other financing sources (uses) | 104 | 30 | (1,748) | (1,266) |
| Net change in fund balances | \$ (3,760) | \$ (4,802) | \$ (2,406) | \$ (13,041) |
| Debt service as a percentage of noncapital expenditures | 9.8% | 9.6% | 10.1% | 18.3% |

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|----|----------------|----------------|----------------|----------------|----------------|---------------|
| \$ | 58,077 | \$ 60,544 | \$ 61,970 | \$ 64,700 | \$ 65,319 | \$ 67,951 |
| | 1,521 | 2,201 | 2,465 | 2,784 | 2,484 | 2,146 |
| | 3,022 | 2,293 | 2,707 | 1,875 | 5,981 | 20,386 |
| | 2,478 | 1,840 | 2,227 | 1,814 | 2,251 | 2,020 |
| | 4,163 | 4,357 | 4,141 | 4,864 | 4,825 | 4,716 |
| | 543 | 669 | 455 | 911 | 1,388 | 494 |
| | 229 | 587 | 651 | 926 | 54 | 20 |
| | 53 | 59 | 26 | 95 | 33 | 87 |
| | 317 | 223 | 513 | 349 | 276 | 340 |
| | <u>70,403</u> | <u>72,773</u> | <u>75,155</u> | <u>78,319</u> | <u>82,612</u> | <u>98,161</u> |
| | 7,794 | 8,609 | 9,030 | 9,793 | 10,514 | 11,118 |
| | 1,368 | 1,167 | 976 | 1,021 | 1,123 | 1,132 |
| | 1,918 | 2,156 | 2,187 | 2,278 | 2,543 | 2,485 |
| | 23,056 | 24,224 | 24,192 | 25,646 | 27,843 | 28,506 |
| | 9,484 | 8,235 | 8,514 | 9,178 | 8,436 | 9,398 |
| | 2,729 | 3,129 | 3,088 | 3,460 | 3,194 | 3,048 |
| | 10,178 | 10,514 | 10,899 | 11,236 | 11,797 | 12,271 |
| | 9,570 | 14,609 | 17,640 | 23,031 | 17,533 | 27,917 |
| | 5,925 | 1,139 | 5,528 | 1,596 | 2,006 | 2,308 |
| | 648 | 422 | 409 | 285 | 327 | 366 |
| | <u>72,670</u> | <u>74,204</u> | <u>82,463</u> | <u>87,524</u> | <u>85,316</u> | <u>98,550</u> |
| | <u>(2,267)</u> | <u>(1,431)</u> | <u>(7,308)</u> | <u>(9,205)</u> | <u>(2,704)</u> | <u>(390)</u> |
| | - | 94 | 110 | 1,465 | 223 | 1,075 |
| | 13,075 | 9,044 | 9,242 | 12,459 | 12,934 | 11,584 |
| | (13,446) | (8,998) | (8,950) | (12,731) | (13,297) | (11,568) |
| | 9,760 | 4,940 | - | - | - | - |
| | 239 | 351 | - | - | - | - |
| | - | - | - | - | - | - |
| | - | 1,640 | - | 544 | 785 | 1,179 |
| | - | - | - | - | - | 3,000 |
| | - | - | - | 3,449 | - | 3,709 |
| | <u>9,628</u> | <u>7,071</u> | <u>402</u> | <u>5,186</u> | <u>644</u> | <u>8,978</u> |
| \$ | <u>7,361</u> | <u>5,640</u> | <u>(6,906)</u> | <u>(4,019)</u> | <u>(2,060)</u> | <u>8,588</u> |
| | 10.3% | 2.6% | 8.7% | 2.8% | 3.4% | 3.8% |

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> |
|------------------------|---------------------------|------------------------|-------------------------|--------------|
| 2009 | \$ 25,599 | \$ 18,706 | \$ 12,893 | \$ 57,198 |
| 2010 | 32,031 | 20,086 | 5,850 | 57,967 |
| 2011 | 32,279 | 20,017 | 5,345 | 57,641 |
| 2012 | 30,328 | 22,652 | 5,028 | 58,008 |
| 2013 | 30,113 | 22,613 | 5,351 | 58,077 |
| 2014 | 31,257 | 23,709 | 5,578 | 60,544 |
| 2015 | 31,409 | 24,958 | 5,603 | 61,970 |
| 2016 | 33,111 | 25,373 | 6,217 | 64,700 |
| 2017 | 33,151 | 25,502 | 6,666 | 65,319 |
| 2018 | 33,341 | 26,872 | 7,738 | 67,951 |

CITY OF ROSWELL, GEORGIA

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

| Fiscal Year | Real Property | Privately Owned Public Utilities | Personal and Business (2) | Less: Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value (1) |
|----------------|------------------|---|---------------------------------|---------------------------------|------------------------------------|--------------------------------|---|---|
| 2009 | \$ 3,226,197 | \$ 49,179 | \$ 1,824,638 | \$ 249,837 | \$ 4,850,177 | 5.455 | \$ 12,125,443 | 40.00% |
| 2010 | 3,209,102 | 44,830 | 1,863,224 | 253,501 | 4,863,655 | 5.455 | 12,159,138 | 40.00% |
| 2011 | 3,049,069 | 38,015 | 1,815,995 | 264,506 | 4,638,573 | 5.455 | 11,596,433 | 40.00% |
| 2012 | 2,900,791 | 38,015 | 1,850,126 | 264,119 | 4,524,813 | 5.455 | 11,312,033 | 40.00% |
| 2013 | 2,848,200 | 41,486 | 1,820,604 | 282,840 | 4,427,450 | 5.455 | 11,068,625 | 40.00% |
| 2014 | 2,815,902 | 36,208 | 1,884,403 | 301,037 | 4,435,476 | 5.455 | 11,088,690 | 40.00% |
| 2015 | 2,896,326 | 36,838 | 1,804,506 | 307,403 | 4,430,267 | 5.455 | 11,075,668 | 40.00% |
| 2016 | 3,183,132 | 42,318 | 1,794,111 | 308,863 | 4,710,698 | 5.455 | 11,776,745 | 40.00% |
| 2017 | 3,261,187 | 41,425 | 1,756,033 | 313,711 | 4,744,934 | 5.455 | 11,862,335 | 40.00% |
| 2018 | 3,304,895 | 42,540 | 1,842,582 | 363,362 | 4,826,655 | 5.455 | 12,066,638 | 40.00% |

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

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

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

CITY OF ROSWELL, GEORGIA

PROPERTY TAX RATES (DIRECT AND OVERLAPPING GOVERNMENTS)

Last Ten Fiscal Years

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

| Fiscal Year | Tax Year | City of Roswell | | | | | Overlapping Rates | | |
|----------------|-------------|--------------------|------------------------|--------------|----------------------------|--------------------------|----------------------|----------------------------|----------------------------|
| | | (Less) Local | | | | | Fulton County | | |
| | | General Millage | Option Sales Tax | Total M&O | Debt Service Millage | Total City Millage | Operating Millage | Debt Service Millage | Total County Millage |
| 2009 | 2008 | 7.978 | (3.919) | 4.059 | 1.396 | 5.455 | 10.281 | 0.000 | 10.281 |
| 2010 | 2009 | 7.679 | (3.620) | 4.059 | 1.396 | 5.455 | 10.281 | 0.000 | 10.281 |
| 2011 | 2010 | 7.898 | (3.839) | 4.059 | 1.396 | 5.455 | 10.281 | 0.000 | 10.281 |
| 2012 | 2011 | 8.003 | (3.944) | 4.059 | 1.396 | 5.455 | 10.281 | 0.000 | 10.281 |
| 2013 | 2012 | 8.788 | (4.729) | 4.059 | 1.396 | 5.455 | 10.281 | 0.000 | 10.281 |
| 2014 | 2013 | 9.153 | (4.689) | 4.464 | 0.991 | 5.455 | 10.211 | 0.000 | 10.211 |
| 2015 | 2014 | 9.292 | (4.828) | 4.464 | 0.991 | 5.455 | 11.781 | 0.000 | 11.781 |
| 2016 | 2015 | 9.864 | (4.809) | 5.055 | 0.400 | 5.455 | 10.500 | 0.000 | 10.500 |
| 2017 | 2016 | 9.864 | (4.839) | 5.025 | 0.400 | 5.425 | 10.450 | 0.000 | 10.450 |
| 2018 | 2017 | 9.963 | (4.758) | 5.205 | 0.250 | 5.455 | 10.380 | 0.250 | 10.630 |

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 |
| 16.904 | 1.189 | 18.093 | 0.250 | 34.079 |
| 16.403 | 1.099 | 17.502 | 0.250 | 33.488 |
| 17.502 | 0.000 | 17.502 | 0.250 | 33.488 |
| 18.502 | 0.000 | 18.502 | 0.250 | 34.488 |
| 18.502 | 0.000 | 18.502 | 0.200 | 34.438 |
| 18.502 | 0.000 | 18.502 | 0.150 | 34.318 |
| 18.502 | 0.000 | 18.502 | 0.100 | 35.838 |
| 18.502 | 0.000 | 18.502 | 0.050 | 34.507 |
| 18.483 | 0.000 | 18.483 | 0.000 | 34.358 |
| 18.546 | 0.000 | 18.546 | 0.000 | 34.631 |

CITY OF ROSWELL, GEORGIA

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

| Taxpayer | 2018 | | | 2009 | | |
|---------------------------------|----------------------------------|------------|---|------------------------------|------|---|
| | 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 | \$ 111,857 | 1 | 2.32% | | |
| City of Roswell | 63,062 | 2 | 1.31% | | | |
| Calibre Creek Apartment Partner | 43,507 | 3 | 0.90% | | | |
| Strata Roswell LLC | 41,144 | 4 | 0.85% | | | |
| BR Roswell LLC | 28,880 | 5 | 0.60% | | | |
| Kimberly Clark Corp | 24,740 | 6 | 0.51% | 20,577 | 3 | 0.42% |
| VR Champions Parkway Holdings | 24,239 | 7 | 0.50% | | | |
| Walton Centennial L L C | 20,451 | 8 | 0.42% | | | |
| Northmeadow Investors LLC | 19,824 | 9 | 0.41% | 31,518 | 1 | 0.65% |
| Fulton County | 18,188 | 10 | 0.38% | | | |
| Orion Roswell Associates | | | | 22,854 | 2 | 0.47% |
| A Colonial Three Hundred | | | | 19,673 | 4 | 0.41% |
| WLI IV Roswell LLC | | | | 17,228 | 5 | 0.36% |
| Sanctuary Park Realty Holdings | | | | 16,700 | 6 | 0.34% |
| AMIREIT | | | | 16,303 | 7 | 0.34% |
| Jefferson at Champions Pkwy | | | | 13,466 | 8 | 0.28% |
| EQR Bond Partnership | | | | 11,788 | 9 | 0.24% |
| BHR Landing LLC | | | | 11,363 | 10 | 0.23% |
| Totals | <u>\$ 395,892</u> | | <u>8.20%</u> | <u>\$ 181,470</u> | | <u>3.74%</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 |
| 2009 | \$ 24,278 | \$ 23,279 | 95.89% | 997 | \$ 24,276 | 99.99% |
| 2010 | 24,449 | 23,737 | 97.09% | 702 | 24,439 | 99.96% |
| 2011 | 23,814 | 22,868 | 96.03% | 936 | 23,804 | 99.96% |
| 2012 | 22,335 | 21,761 | 97.43% | 560 | 22,321 | 99.94% |
| 2013 | 21,635 | 21,294 | 98.42% | 331 | 21,625 | 99.95% |
| 2014 | 22,245 | 21,849 | 98.22% | 385 | 22,234 | 99.95% |
| 2015 | 22,323 | 21,868 | 97.96% | 449 | 22,317 | 99.97% |
| 2016 | 24,202 | 23,704 | 97.94% | 490 | 24,194 | 99.97% |
| 2017 | 24,789 | 24,393 | 98.40% | 384 | 24,777 | 99.95% |
| 2018 | 25,507 | 24,992 | 97.95% | - | 24,992 | 97.98% |

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 | Installment Sales Agreement | | Notes Payable | Notes Payable | | | | Total |
| 2009 | \$ 32,100 | \$ - | \$ - | \$ - | \$ - | \$ 32,100 | \$ - | \$ 32,100 | 0.96% | \$ 379 |
| 2010 | 27,345 | - | - | - | - | 27,345 | - | 27,345 | 0.78% | 312 |
| 2011 | 22,180 | - | - | - | - | 22,180 | 1,440 | 23,620 | 0.62% | 267 |
| 2012 | 9,930 | - | - | - | - | 9,930 | 1,644 | 11,574 | 0.34% | 127 |
| 2013 | 14,085 | - | - | - | - | 14,085 | 1,499 | 15,584 | 0.42% | 166 |
| 2014 | 18,359 | 1,445 | - | - | - | 19,804 | 213 | 20,017 | 0.52% | 213 |
| 2015 | 12,872 | 1,282 | - | - | - | 14,154 | 7,818 | 21,972 | 0.54% | 234 |
| 2016 | 11,409 | 1,605 | 3,449 | - | - | 16,463 | 14,457 | 30,920 | 0.72% | 327 |
| 2017 | 9,932 | 2,096 | 3,132 | - | - | 15,160 | 13,984 | 29,144 | 0.76% | 308 |
| 2018 | 8,426 | 2,992 | 5,607 | 3,634 | - | 20,658 | 13,347 | 34,005 | 0.78% | 359 |

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) |
|-------------|--------------------------------|---|-----------|---|-------------------|
| 2009 | \$ 32,100 | \$ 7,845 | \$ 24,255 | 0.20% | \$ 287 |
| 2010 | 27,345 | 8,290 | 19,055 | 0.16% | 217 |
| 2011 | 22,180 | 8,495 | 13,685 | 0.12% | 155 |
| 2012 | 9,930 | 1,329 | 8,601 | 0.08% | 94 |
| 2013 | 14,085 | 955 | 13,130 | 0.12% | 140 |
| 2014 | 18,359 | 4,121 | 14,237 | 0.13% | 151 |
| 2015 | 12,872 | 2,520 | 10,352 | 0.09% | 110 |
| 2016 | 11,409 | 2,711 | 8,698 | 0.07% | 92 |
| 2017 | 9,932 | 2,978 | 6,954 | 0.06% | 74 |
| 2018 | 8,426 | 2,547 | 5,879 | 0.05% | 62 |

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, 2018 (amounts expressed in thousands)

| Governmental Unit | Debt Outstanding | Percentage Applicable to Government | Amount Applicable to Government |
|-----------------------------------|---------------------|---|---------------------------------------|
| Debt repaid with property taxes | | | |
| Fulton County | \$ 143,881 | 8.00% | \$ 11,510 |
| Fulton County Board of Education | 42,520 | 14.56% | 6,191 |
| City of Roswell direct debt | 20,658 | 100.00% | 20,658 |
| Total direct and overlapping debt | \$ 63,178 | | \$ 26,849 |

Sources: Assessed value data used to establish estimate applicable percentages are located in the Fulton County and Fulton County Board of Education's 2017 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.

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CITY OF ROSWELL, GEORGIA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(amounts expressed in thousands)

| | 2009 | 2010 | 2011 | 2012 |
|---|------------|------------|------------|------------|
| Debt limit (10% of total assessed value) | \$ 518,848 | \$ 511,716 | \$ 490,308 | \$ 478,893 |
| Total net debt applicable to limit | 24,255 | 19,055 | 13,685 | 8,601 |
| Legal debt margin | \$ 494,593 | \$ 492,661 | \$ 476,623 | \$ 470,292 |
| Total net debt applicable to the limit as a percentage of debt limit | 4.67% | 3.72% | 2.79% | 1.80% |

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.

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|------------|------------|------------|------------|------------|--------------|
| | \$ 471,029 | \$ 473,651 | \$ 473,767 | \$ 501,956 | \$ 505,865 | \$ 519,002 |
| | 9,786 | 14,238 | 10,380 | 10,222 | 9,357 | 8,288 |
| | \$ 461,243 | \$ 459,413 | \$ 463,387 | \$ 491,734 | \$ 496,508 | \$ 510,714 |
| | 2.08% | 3.01% | 2.19% | 2.04% | 1.85% | 1.60% |
| Assessed Value | | | | | | \$ 4,826,655 |
| Add back: exempt real property | | | | | | 363,362 |
| Total assessed value | | | | | | 5,190,017 |
| Debt limit (10% of total assessed value) | | | | | | 519,002 |
| Debt applicable to limit: | | | | | | |
| General obligation bonds | | | | | | 8,426 |
| Less: Amount set aside for repayment of general obligation debt | | | | | | (138) |
| Total net debt applicable to limit | | | | | | 8,288 |
| Legal debt margin | | | | | | \$ 510,714 |

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 |
|----------------------|-------------------|---------------------------------------|-----------------------------------|-------------------|------------------------------|--------------------------|
| 2009 | 84,595 | \$ 3,358,841 | \$ 38,318 | 36.60 | 13,294 | 7.61 % |
| 2010 | 87,719 | 3,490,778 | 39,795 | 37.00 | 13,336 | 8.70 |
| 2011 | 88,346 | 3,824,145 | 43,286 | 36.30 | 13,563 | 10.20 |
| 2012 | 91,168 | 3,453,535 | 37,881 | 36.20 | 14,848 | 9.90 |
| 2013 | 93,692 | 3,731,565 | 39,828 | 40.20 | 15,081 | 9.00 |
| 2014 | 94,034 | 3,846,273 | 40,903 | 36.80 | 14,869 | 8.16 |
| 2015 | 94,089 | 4,036,418 | 42,900 | 37.90 | 14,791 | 8.30 |
| 2016 | 94,501 | 4,308,962 | 45,597 | 38.80 | 24,413 | 7.10 |
| 2017 | 94,598 | 3,851,179 | 40,711 | 36.00 | 22,615 | 6.00 |
| 2018 | 94,786 | 4,353,331 | 45,928 | 38.50 | 25,096 | 5.80 |

Sources: U.S. Census Bureau for the population, personal income, median age, per capita income, and unemployment rate. Statistics for 2016 are for the City of Roswell except for the unemployment rate which is for the state of Georgia.

(1) The school enrollment was provided by the Fulton County Board of Education; 2016 through 2018 is U.S. Census Bureau.

CITY OF ROSWELL, GEORGIA

PRINCIPAL EMPLOYERS Current Year and Nine Years Ago

| Employer | 2018 | | | 2009 | | |
|------------------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| GM IT Innovation Center | 1,325 | 1 | 2.62% | | | |
| Kimberly-Clark Corporation | 991 | 2 | 1.96% | 1,453 | 1 | 2.42% |
| Wellstar North Fulton Hospital Inc | 919 | 3 | 1.81% | | | |
| City of Roswell | 562 | 4 | 1.11% | 900 | 4 | 1.50% |
| Courion Corporation | 375 | 5 | 0.74% | | | |
| Wal-mart Supercenter # 1578 | 300 | 6 | 0.59% | 371 | 8 | 0.62% |
| Yardi Systems Inc | 297 | 7 | 0.59% | | | |
| NTG | 250 | 8 | 0.49% | | | |
| Ingo Money Inc | 220 | 9 | 0.43% | | | |
| Brookdale Roswell | 209 | 10 | 0.41% | | | |
| North Fulton Regional Hospital | | | | 1,016 | 2 | 1.69% |
| Verizon Wireless | | | | 975 | 3 | 1.62% |
| Prommis Solutions LLC | | | | 649 | 5 | 1.08% |
| Target Store | | | | 509 | 6 | 0.85% |
| Witness Systems, Inc. | | | | 411 | 7 | 0.68% |
| Publix Super Markets, Inc | | | | 276 | 9 | 0.46% |
| The Home Depot | | | | 272 | 10 | 0.45% |
| Total | <u>5,448</u> | | <u>10.75%</u> | <u>6,560</u> | | <u>10.92%</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 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|
| General government | | | | | | | | | | |
| City Administrator | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 |
| City Hall | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 7 | 7 |
| Community Information | 3 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 6 |
| Court Services | 20 | 20 | 16 | 17 | 16 | 3 | 3 | 3 | 5 | 5 |
| General Administration | 6 | 6 | 5 | 6 | 5 | 5 | 6 | 7 | 7 | 7 |
| Governing Body | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 2 |
| Human Resources | 4 | 3 | 3 | 3 | 4 | 4 | 5 | 5 | 5 | 5 |
| Legal | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Risk Management | 2 | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Worker's Compensation | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Benefits Manager | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Strat. Planning and Budgeting | 3 | 3 | 3 | - | - | - | - | - | - | - |
| IT (formerly MIS) | 8 | 8 | 9 | 9 | 7 | 7 | 9 | 9 | 9 | 9 |
| Security | - | - | - | - | - | - | - | - | 2 | 2 |
| Finance | | | | | | | | | | |
| Accounting | 8 | 5 | 4 | 4 | 4 | 3 | 4 | 4 | 5 | 7 |
| Finance - Administration | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Treasury | - | - | 1 | 1 | - | - | - | - | - | - |
| Accounts Payable | - | 3 | - | - | - | - | - | - | - | - |
| Cash Disbursement | - | - | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Accounts Receivable | - | - | 6 | 6 | 6 | 7 | 8 | 7 | 8 | 8 |
| Cash Receipting | - | - | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 |
| Purchasing | 4 | 4 | 3 | 3 | 3 | 2 | 3 | 3 | 2 | 3 |
| IT (formerly MIS) | - | - | - | - | - | - | - | - | - | - |
| Tax Administration | 5 | 5 | - | - | - | - | - | - | - | - |
| Utility Billing | 5 | 5 | - | - | - | - | - | - | - | - |
| Strat. Planning and Budgeting | - | - | - | 3 | 3 | 2 | 3 | 2 | 3 | 3 |

Source: City Budget Office

Continued

CITY OF ROSWELL, GEORGIA

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

| Function/Program | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------------------|------|------|------|------|------|------|-------|-------|-------|-------|
| Police | | | | | | | | | | |
| Criminal Investigations | 21 | 21 | 23 | 23 | 20 | 22 | 23 | 18 | 21 | 24 |
| Jail/Detention | 33 | 34 | 34 | 33 | 18 | 16 | 15 | 18 | - | - |
| Patrol | 90 | 86 | 79 | 77 | 78 | 78 | 78 | 86 | 79 | 75 |
| Police - Admin Services | 2 | 2 | 3 | 3 | 2 | 3 | 3 | 3 | 3 | 3 |
| Police - Bldg Maintenance | - | - | - | - | - | - | - | - | - | - |
| Police - Support Services | 23 | 24 | 25 | 27 | 35 | 26 | 26 | 28 | 29 | 31 |
| Special Operations | 10 | 13 | 11 | 12 | 5 | 15 | 14 | 15 | 14 | 15 |
| Traffic Control | 9 | 10 | 13 | 12 | 16 | 13 | 12 | 12 | 16 | 10 |
| E-911 | 18 | 19 | 19 | 22 | 20 | 18 | 19 | 18 | 21 | 23 |
| Fire | | | | | | | | | | |
| Administration | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire | 4 | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 7 |
| Fire Training | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire Marshal | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 8 | 8 |
| Cultural & recreation | | | | | | | | | | |
| Municipal Complex | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Administration | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Support Services | 43 | 22 | 22 | 38 | 38 | 38 | 35 | 41 | 40 | 41 |
| Parks | 54 | 51 | 51 | 56 | 56 | 58 | 55 | 56 | 53 | 57 |
| Barrington Hall | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Bulloch Hall | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Smith Plantation | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Cultural Arts | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 |
| Historic & Cultural Affairs | 1 | 1 | 1 | 1 | 1 | 1 | - | 2 | 2 | 2 |
| Environmental | | | | | | | | | | |
| Administration | 2 | 2.15 | 2.15 | 2.15 | 2.15 | 2.1 | - | - | - | - |
| Environmental | 3 | 3 | 3 | 3 | 3 | 3 | - | - | - | - |
| Water Resources | 4.5 | 1.5 | 1.5 | - | - | - | - | - | - | - |
| Garage | 7 | 7 | 7 | 7 | 7 | 7.2 | 7 | 7.10 | 8.00 | 7.35 |
| Stormwater Mgmt | 4 | 6.75 | 6.75 | 9 | 12 | 11 | 12.90 | 12.20 | 13.53 | 13.48 |

Continued

CITY OF ROSWELL, GEORGIA

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

| Function/Program | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------|------|------|------|------|------|------|------|------|------|------|
| Community Development | | | | | | | | | | |
| Administration | 3 | 3 | 3 | 3 | 4 | 1 | 3 | 3 | 3 | 3 |
| Building Inspections | 4 | - | 4 | 5 | - | - | - | - | - | - |
| Code Enforcement | 6 | - | 6 | 6 | - | - | - | - | - | - |
| Support Services | 6 | 2 | 2 | 2 | 2 | 3 | 4 | 4 | 4 | 3 |
| Economic Development | 2 | 4 | 4 | 2 | - | - | - | - | - | - |
| Engineering | 6 | - | 1 | 6 | 7 | 7 | 7 | 8 | 8 | 8 |
| GIS | 3 | 3 | 3 | 4 | 4 | 4 | 3 | 4 | 4 | 4 |
| Licensing | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | 1 |
| Planning & Zoning | 9 | 13 | 13 | 7 | 7 | 7 | 7 | 7 | 6 | 8 |
| Transportation | | | | | | | | | | |
| Transportation | 11 | 8 | 8 | 8 | 8 | 7 | 7 | 6 | 8 | 8 |
| Trans/PW Facility | - | - | - | - | - | - | - | - | - | - |
| Administration | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Street Maintenance | 31 | 31 | 31 | 31 | 28 | 29 | 30 | 30 | 28 | 27 |
| Land Acq. & Development | - | - | - | 3 | 3 | 3 | 2 | 2 | 2 | 2 |
| Traffic Engineering | 16 | 20 | 18 | 18 | 18 | 17 | 16 | 18 | 18 | 12 |
| Water | | | | | | | | | | |
| Administration | 0.9 | 1.3 | 1.3 | 2.05 | 2.05 | 2.05 | 1.65 | 1.95 | 2.48 | 2.43 |
| Distribution | 9 | 10 | 9 | 8.50 | 8.50 | 8.50 | 8.50 | 8.50 | 8.50 | 8.50 |
| Water Plant | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 7 | 7 |
| Solid Waste | | | | | | | | | | |
| Administration | 4.85 | 4.5 | 4.5 | 4.5 | 4.35 | 4.35 | 6.95 | 7.25 | 7.49 | 8.24 |
| Public Education | 0.75 | 0.55 | 0.55 | 0.55 | 0.55 | 0.55 | - | - | - | - |
| Residential Collection | 35 | 34 | 34 | 34 | 34 | 33 | 34 | 33 | 32 | 32 |
| Commercial Collection | 7 | 8 | 8 | 8 | 8 | 7 | 8 | 8 | 8 | 8 |
| Yard Trimmings Collection | - | - | - | - | - | - | - | - | - | - |
| Recycling Center | 6 | 6.25 | 6.25 | 6.25 | 6.25 | 6.25 | 5 | 7 | 7 | 7 |
| | 606 | 574 | 580 | 608 | 578 | 556 | 557 | 578 | 559 | 562 |

CITY OF ROSWELL, GEORGIA

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

| Function | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------|---------|---------|---------|---------|--------|---------|--------|---------|---------|
| Police | | | | | | | | | | |
| Calls for service | 93,651 | 108,864 | 102,864 | 85,216 | 67,386 | 69,939 | 67,563 | 76,723 | 111,004 | 118,548 |
| Traffic stops | 33,320 | 43,457 | 43,090 | 28,885 | 17,867 | 19,964 | 24,340 | 24,382 | 21,867 | 24,631 |
| Part 1 Crimes Index Rate | 31.9 | 26.2 | 23.7 | 23.6 | 24.9 | 22.9 | 24.4 | 24.6 | 18.6 | 18.7 |
| Fire | | | | | | | | | | |
| Fire Calls | 1,965 | 2,103 | 2,104 | 2,301 | 2,802 | 3,121 | 3,126 | 3,344 | 3,784 | 3,831 |
| Fires extinguished | 191 | 197 | 203 | 198 | 185 | 162 | 174 | 188 | 211 | 152 |
| EMS Calls | 4,100 | 4,364 | 5,101 | 4,795 | 5,251 | 5,225 | 5,060 | 4,951 | 5,269 | 5,512 |
| Community development | | | | | | | | | | |
| Building permits issued | 3,423 | 3,912 | 3,798 | 4,068 | 3,382 | 2,351 | 2,108 | 4,996 | 6,920 | 2,979 |
| Refuse collection | | | | | | | | | | |
| Household garbage collected-tons per year | 21,164 | 18,872 | 19,080 | 18,645 | 19,128 | 18,964 | 13,078 | 20,150 | 20,754 | 21,392 |
| Curbside recycling collected-tons per year | 6,398 | 8,251 | 7,086 | 6,766 | 6,726 | 6,893 | 7,597 | 6,674 | 8,897 | 7,377 |
| Glass recycling collected-tons per per year (2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,583 | 3,180 |
| Yard waste collected-tons per year | 8,024 | 7,386 | 8,712 | 8,140 | 7,872 | 8,376 | 7,527 | 7,274 | 6,363 | 6,322 |
| Recycling from recycle center-tons per year | 2,639 | 2,438 | 2,056 | 1,586 | 1,811 | 1,695 | 1,698 | 1,625 | 1,752 | 1,828 |
| Parks and recreation | | | | | | | | | | |
| Registered participants (1) | 196,716 | 191,448 | 33,694 | 34,722 | 33,843 | 33,567 | 32,767 | 26,817 | 32,449 | 31,308 |
| Park acres maintained | 917 | 917 | 917 | 918 | 918 | 912 | 912 | 987 | 987 | 1,057 |
| Participant Visits | 712,321 | 719,012 | - | - | - | - | - | - | - | - |
| Spectator Visits | 408,360 | 409,840 | - | - | - | - | - | - | - | - |
| Facility Visits | 906,812 | 952,368 | - | - | - | - | - | - | - | - |
| Total Point of Sale Participants (1) | - | - | 102,971 | 122,170 | 111,624 | 98,111 | 100,263 | 47,087 | 46,679 | 51,132 |
| Total Facility Rentals (1) | - | - | 1,725 | 1,707 | 1,642 | 2,236 | 2,373 | 1,148 | 1,527 | 1,835 |
| Water | | | | | | | | | | |
| Water production in MGD (3) | 328 | 373 | 371 | 351 | 368 | 388 | 397 | 278 | 537 | 539.50 |
| Sanitation | | | | | | | | | | |
| Number of residential customers | 23,807 | 25,080 | 25,146 | 25,230 | 25,232 | 25,360 | 26,120 | 26,120 | 25,720 | 26,000 |
| Number of commercial customers | 1,203 | 1,201 | 836 | 892 | 1,002 | 892 | 972 | 955 | 854 | 993 |

Sources: Various city departments.

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

(1) With implementation of new registration software in FY2011, we are now able to more accurately count total registered participants. Totals from previous years were based on monthly reports, causing participants to be counted multiple times for the same activity. Point of Sale Participants include fees for daily entry for the Pool, both Spraygrounds, Tennis Courts, Racquetball and Manor Haunted House. Total Rentals includes all paying room and shelter reservations at any Roswell Parks.

(2) January through June 2017 Glass recycling collected

(3) Water production was lower in years prior to 2017. The new plant came in May of 2016 and is permitted to produce 3.3 MG per day. Prior to the new plant, water was purchased from Fulton County to supplement the City's system demands. Now all of the water needed has meet the system's demand.

CITY OF ROSWELL, GEORGIA

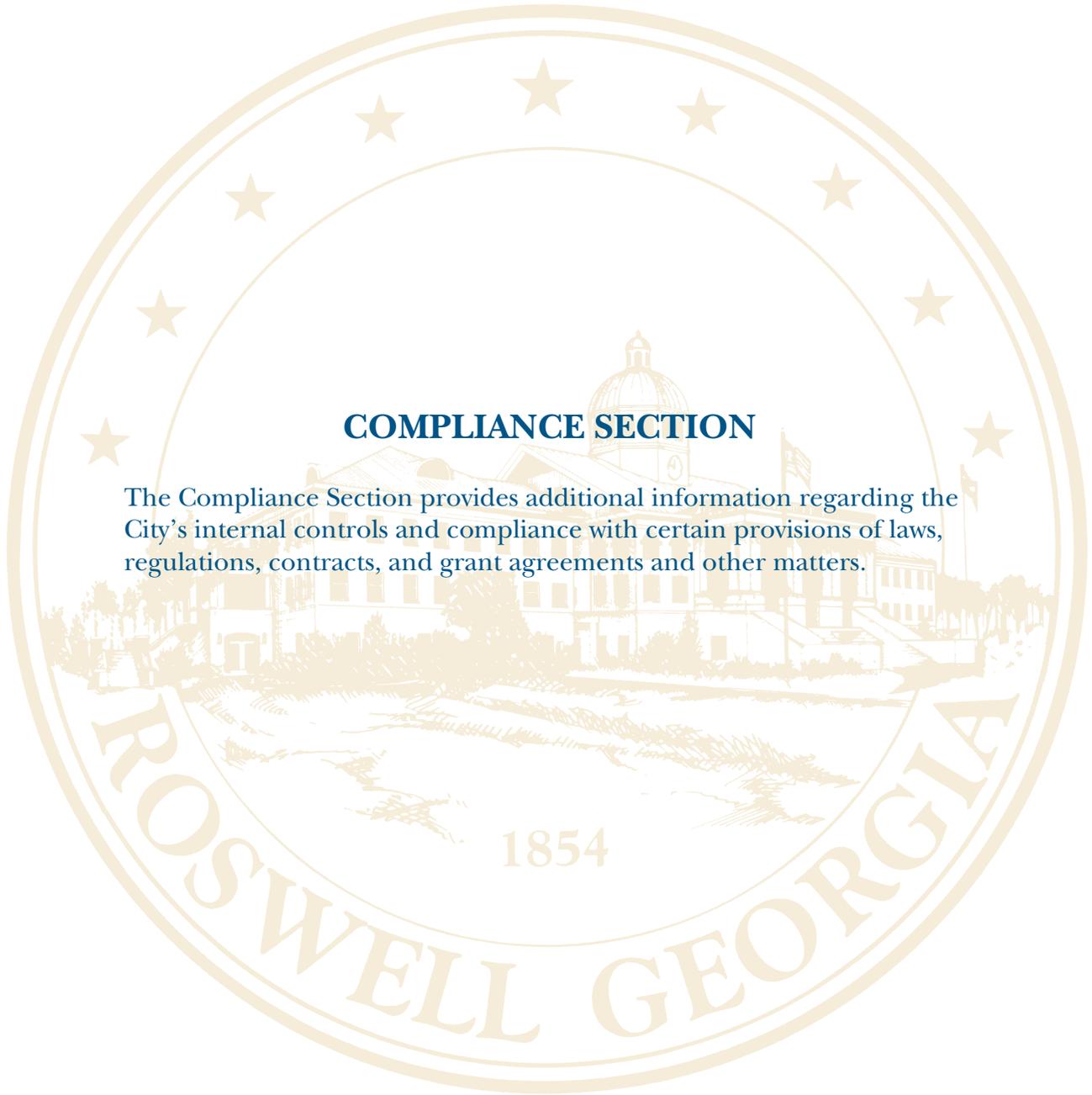
CAPITAL ASSET STATISTICS BY FUNCTION Last Ten Fiscal Years

| Function | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------------------|------|------|------|------|------|------|------|------|------|------|
| General government | | | | | | | | | | |
| Vehicles | 54 | 54 | 54 | 54 | 54 | 54 | 55 | 55 | 55 | 56 |
| Buildings | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Police | | | | | | | | | | |
| Vehicles | 157 | 157 | 157 | 157 | 158 | 158 | 208 | 215 | 214 | 219 |
| 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 | 4452 | 4452 | 4452 | 4452 | 4530 | 4530 | 4530 | 5175 | 5186 | 5211 |
| Parks and recreation | | | | | | | | | | |
| Acreage | 901 | 917 | 917 | 917 | 917 | 917 | 917 | 987 | 987 | 1057 |
| Parks and playgrounds | 19 | 19 | 19 | 19 | 19 | 19 | 22 | 22 | 22 | 22 |
| Athletic fields | 43 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 |
| Recreational buildings | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 11 | 18 |
| Swimming pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 |
| Tennis courts | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 32 | 28 | 28 |
| Transportation | | | | | | | | | | |
| Paved roads in miles (1) | 373 | 373 | 373 | 373 | 385 | 385 | 385 | 326 | 15.1 | 10.6 |
| Traffic signals | 145 | 145 | 145 | 145 | 152 | 152 | 154 | 102 | 103 | 102 |
| Water | | | | | | | | | | |
| Water mains (miles) (2) | 201 | 201 | 201 | 201 | 201 | 201 | 201 | 201 | 86.5 | 86.5 |
| Water plant | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Sources: City of Roswell capital asset inventory system.

(1) Paved road in Centerline Miles in 2017

(2) The difference in the number from fiscal year 2016 to fiscal year 2017 is the result water mains that have been abandoned in place and the Fulton County Lines within our system boundary; 2017 is the Roswell Water Utility only.



COMPLIANCE SECTION

The Compliance Section provides additional information regarding the City's internal controls and compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.



**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 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, 2018, 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 14, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Responses to the 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 14, 2018



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Roswell, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

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, 2018.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 14, 2018

CITY OF ROSWELL, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

| 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-14-MC-13-0018 | \$ 20,653 |
| Community Development Block Grant | 14.218 | B-15-MC-13-0018 | 82,234 |
| Community Development Block Grant | 14.218 | B-16-MC-13-0018 | 93,240 |
| Community Development Block Grant | 14.218 | B-17-MC-13-0018 | 149,701 |
| Community Development Block Grant | 14.218 | B-15-MC-13-0018 | 100,169 |
| Community Development Block Grant | 14.218 | B-17-MC-13-0018 | 104,470 |
| Total Community Development Block Grant | | | 550,467 |
| Passed through Cobb County, Georgia: Home Investment Partnerships Program | 14.239 | H13-RM-WM-R9-RA-RC | 1,341 |
| Total U.S. Department of Housing and Urban Development | | | 551,808 |
| U.S. DEPARTMENT OF JUSTICE | | | |
| Bullet Proof Vest Partnership Program | 16.607 | OMB # 1121-0235 | 8,340 |
| Equitable Sharing Program | 16.922 | GA0600500 | 488,662 |
| Total U.S. Department of Justice | | | 497,002 |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Highway Planning and Construction Cluster Passed through the Georgia Department of Transportation: | | | |
| Highway Planning and Construction | 20.205 | PI#721010 | 100,965 |
| Highway Planning and Construction | 20.205 | PI#0000265 | 1,562,604 |
| Highway Planning and Construction | 20.219 | CSTEE-0009-00(057) | 192,486 |
| | | | 1,856,055 |
| Passed through the Georgia Department of Natural Resources: Highway Planning and Construction | 20.219 | NRT-14(24) | 80,000 |
| Total Highway Planning and Construction Cluster | | | 1,936,055 |
| Total U.S. Department of Transportation | | | 1,936,055 |
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | | |
| Clean Water State Revolving Fund Cluster Passed through the Georgia Department of Natural Resources: | | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | Section 319(h) FY14 – Element 11 | 58,678 |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | 751-180129 | 197,694 |
| | | | 256,372 |
| Passed through the Georgia Environmental Finance Authority: Capitalization Grants for Clean Water State Revolving Funds | 66.458 | CW2017034 | 969,193 |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | CW2017023 | 2,739,421 |
| | | | 3,708,614 |
| Total Clean Water State Revolving Fund Cluster | | | 3,964,986 |
| Total U.S. Environmental Protection Agency | | | 3,964,986 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| Passed through the Georgia Emergency Management Agency: Federal Emergency Management Agency | 97.036 | 4338-DR-GA | 48,533 |
| Total U.S. Department of Homeland Security | | | 48,533 |
| NATIONAL ENDOWMENT FOR THE HUMANITIES | | | |
| National Recreation and Park Association | 45.024 | | 1,440 |
| National Endowment for the Arts | 45.024 | 16-5900-7072 | 8,950 |
| Total National Endowment for the Humanities | | | 10,390 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICES | | | |
| Passed through the Georgia Department of Community Affairs: AmeriCorps Planning Grant | 94.006 | 17AFHGA001003 | 64,832 |
| Total Corporation for National and Community Services | | | 64,832 |
| U.S. DEPARTMENT OF THE INTERIOR | | | |
| Passed through the Georgia Department of Natural Resources: Historic Preservation Fund Grant | 15.904 | FFY2017 HPF | 17,050 |
| Total U.S. Department of the Interior | | | 17,050 |
| U.S. DEPARTMENT OF VETERAN AFFAIRS | | | |
| Adaptive Sports Programs | 64.034 | 2018-ASG-19 | 11,971 |
| Total U.S. Department of Veteran Affairs | | | 11,971 |
| Total Expenditures of Federal Awards | | | \$ 7,102,627 |

See accompanying note to schedule of expenditures of federal awards

CITY OF ROSWELL, GEORGIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

(1) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

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

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

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

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

CITY OF ROSWELL, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

yes no

Significant deficiencies identified?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes none reported

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

Unmodified

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

yes no

Identification of major federal programs:

CFDA Number
66.458

Name of Federal Program or Cluster
Capitalization Grants for Clean Water State
Revolving Fund

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

\$750,000

Auditee qualified as low-risk auditee?

yes no

CITY OF ROSWELL, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

SECTION II

FINANCIAL STATEMENT FINDINGS AND RESPONSES

2018-001 Interfund Balances

Criteria: In accordance with generally accepted accounting principles, if a fund with an interfund payable does not have the ability to repay the interfund balance, the interfund balance should be reduced by the amount that the fund does not have the ability to repay. The fund should report the balance that cannot be repaid as a transfer from the fund that made the loan.

Condition: Misstatements were detected in the reporting of the City's interfund balances.

Context/Cause: During our testing of interfund balances, certain audit adjustments were required to correct current year amounts. The nature of these adjustments are as follows:

- The General Fund required an audit adjustment of approximately \$592,000 to reduce the interfund receivable and increase transfers out. The interfund receivable was not expected to be repaid.
- The Federal Grants Fund required an audit adjustment of approximately \$550,000 to reduce the interfund payable and increase transfers in. The interfund payable was not expected to be repaid.
- The 2013 Bond Fund required an audit adjustment of approximately \$34,000 to reduce the interfund payable and increase transfers in. The interfund payable was not expected to be repaid.
- The CDBG Fund required an audit adjustment of approximately \$8,000 to reduce the interfund payable and increase transfers in. The interfund payable was not expected to be repaid.

Effects: Audit adjustments totaling approximately \$1,184,000 were needed to correctly report interfund balances.

Recommendations: We recommend the City carefully review all interfund balances in the funds and assess the funds ability and intent to repay the interfund balance in accordance with generally accepted accounting principles.

Auditee's Response: We will take necessary steps in the future to ensure that interfund balances are properly recorded.

CITY OF ROSWELL, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF ROSWELL, GEORGIA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

2017-001 Equity Reconciliation – Roswell Economic Development & Tourism, Inc.

Criteria: Internal controls should be in place to ensure that financial statements are properly presenting the financial position and results of operations of the Bureau in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the opening equity balances of the Bureau.

Context/Cause: During our testing, an audit adjustment was required to adjust the opening equity of the Bureau's financial statements. The entry included an adjustment to record audit entries from the prior year which were not posted to the Bureau's general ledger.

Effects: An audit adjustment totaling approximately \$7,600 was needed to correct the Bureau's opening fund balance as of June 30, 2017.

Status: Resolved.

CITY OF ROSWELL, GEORGIA

SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

2017-002 Accrued Liabilities and Related Expenditure/Expense Recognition – City of Roswell and Roswell Economic Development & Tourism, Inc.

Criteria: Generally, expenditures should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows in accordance with generally accepted accounting principles.

Condition: Material misstatements were detected in the reporting of the City's accrued liabilities and related expenses. Material misstatements were also detected in the reporting of the Bureau's payroll expenditures and related liabilities.

Context/Cause: During our testing of City's accrued liabilities and related expenses, audit adjustments were required to correct current year balances. In the City's general ledger, an adjustment was required to reduce the accrued sewer fees due to the City recording sewer fees twice. These expenses were identified as being accrued twice during a test of accrued liabilities. Also, during our testing of the Bureau's accrued liabilities and related expenditures, an adjustment was required to properly accrue salaries and wages payable balances. These expenditures were identified during a test of the completeness of the liabilities, whereby it was determined the related services were incurred prior to June 30, 2017 and should be accrued as incurred expenditures of the Bureau.

Effects: An audit adjustment totaling approximately \$193,500 was needed to correctly report accrued liabilities and expenses for the City's Water and Sewer Fund. An audit adjustment totaling approximately \$8,800 was needed to correctly report payroll expenditures and the related liabilities for the Bureau.

Status: Resolved.



2018-001 Interfund Balances

Name of the Contact Person Responsible for the Corrective Action Plan: Ryan Lockett, Finance Director

Corrective Action Plan: We concur with the finding. The City will ensure that any interfund balances are adjusted monthly. The Accounting Manager will also verify that an adjusting entry has been done prior the annual audit, if needed. This will be included as part of the monthly and year end checklist when preparing for the annual audit.

Anticipated Completion Date: January 31, 2019

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