City of Austell, Georgia



Comprehensive Annual Financial Report
For the
Fiscal Year Ended
June 30, 2012

Prepared by

Department of Finance
2716 Broad Street, SW
Austell, Georgia 30106

CITY OF AUSTELL, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

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CITY OF AUSTELL, GEORGIA

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INTRODUCTORY SECTION
(Unaudited)

2716 BROAD STREET, SW • AUSTELL, GEORGIA 30106-3206 • (770) 944-4300 • FAX (770) 944-2282

November 29, 2012

To the Honorable Mayor and City Council
of the City of Austell, Georgia

The Comprehensive Annual Financial Report of the City of Austell, Georgia ("City"), for the fiscal year ended June 30, 2012 is submitted herewith. The accuracy of the presented data; as well as, the completeness and fairness of the presentation, including all disclosures, is the sole responsibility of the management of the Finance Department.

We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City. These are measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity has been included.

The financial report for the City of Austell includes all the funds of the primary government, the City of Austell, as well as its component unit, the Austell Natural Gas System. Since this component unit is a legally separate entity for which the primary government is financially accountable, the Austell Natural Gas System's financial statements are reported in a separate column. This emphasizes that the Austell Natural Gas System is legally a separate entity from the City and differentiates its financial position, results of operations and cash flow from those of the City.

The City is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are included in a separate report.

Government Structure

The City of Austell is governed by a Mayor and six (6) Council Members who are elected to four (4) year terms in office. Under a strong Mayor type of government, there are six (6) departments that oversee the management of the City: General Administration, Finance Department, Community Affairs, Parks and Recreation, Streets and Maintenance, Fire and Police Department. Each department has a director who is responsible to the Mayor and Council for the day-to-day management of his/her respective departments.

The Council operates within a committee framework. The Mayor appoints each of the Council Members to chair one committee and serve as a member of the other committees. These committees serve in an oversight capacity for each of the departments and work closely with individual directors. Although authorization for expenditures of all funds is the ultimate responsibility of the entire Council, requests and recommendations for projects and funding are first discussed by the Committee for approval prior to being presented to the Council for official action.

Economic Condition and Overlook

Over the past year, the City has experienced a substantial economic decline due to factors including, but not limited to, an increase in foreclosures, decrease in business activity, and increases in unemployment. Property tax assessments have already dropped approximately 30% resulting in declining property tax revenues. This combined with rapidly increasing healthcare costs will have a sharp negative impact on the City's budget for future years. Ownership fees, which are calculated on the gross sales of natural gas, have dropped as well because of a mild winter and a reduction in natural gas prices. The City continues to plan for any unforeseen contingencies.

Major Initiatives

The City is continuously upgrading and improving its road and water/sewer systems to meet the needs of its current population. Continuing projects include sidewalks and street improvements funded by SPLOST money through Cobb County and with the passage of the existing SPLOST, the City will add a new fire truck, park renovations, and E911 system upgrades. These improvements will greatly enhance the City's ability to meet the needs of its citizens well into the twenty-first century. The City is striving to provide an infrastructure and communications system that will pave the way for the next generation. Conservation efforts are underway to ensure that the youth in the community will be able to enjoy local parks with their children and grandchildren. Austell is on the right track due to its leaders, high moral standards and willingness to get involved.

The City has prepared a Capital Improvements Program, which summarizes the City's long-term capital needs. These are capital requests that will enable the City to continue its commitments to improving both the quality and quantity of services offered to its citizens. The plan addresses proposed facility improvements, road and sidewalk improvements, recreational improvements, and operating equipment needs. The Downtown Development project continued progress in Fiscal Year 2012 and will continue with Phase II of the LCI Streetscapes grant program in Fiscal Year 2013.

Sanitation

The City provides residential sanitation service to its citizens for which customers can purchase bags at City Hall. These bags are picked up by the Sanitation Department every week. In addition to this, the City sponsors a city-wide cleanup week twice a year in April and October. The City also provides recycling services.

Financial Highlights

The estimated total value of the 2011 City's tax digest decreased 12% from the 2010 digest. This is primarily due to reassessments of property by Cobb County in January, 2011. However, the 2012 digest is expected to decrease substantially due to economic conditions of the housing market. The City will increase the millage rate to 4.0.

Financial Information Accounting System and Budgetary Control

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide a reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgment by management.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Emergency Telephone System Fund, Confiscated Assets Fund, Hotel/Motel Tax Fund, Multiple Grants Fund, Public Assistance Grant Fund, Austell Area Community Council Capital Projects Fund, Cobb County SPLOST Capital Projects Fund, Douglas County SPLOST Capital Projects Fund, and proprietary funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriate amount) is established by department within an individual fund.

Long-Term Planning

The City is continually looking toward the future to accommodate maintenance and expansion of its infrastructure, as well as upgrading technical services to provide more effective public safety services. For example, over the next 10 years, the City hopes to eliminate all pump stations connected to its sewer system, which will be funded by operating fees and fund balance. Secondly, the City is planning to replace antiquated communications equipment in the E911 call center and purchase a new fire truck with SPLOST funds. Finally, the City is committed to expanding its largest park over the next two years. This will be funded in part by CDBG grants through Cobb County.

Other Information

Management Discussion and Analysis

Accounting principles generally accepted in the United States of America 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 compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

Independent Audit

State statute requires an annual audit by independent certified public accountants. The firm of *Mauldin & Jenkins LLC* was selected by the City's audit committee. Accounting principles generally accepted in the United States of America accounting principles generally accepted in the United States of America and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements is included in the financial section of this report. As a recipient of federal and state financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation for weaknesses by management and internal staff.

As part of the City's annual single audit as required in conformity with provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget circular A-133, *Audits of State and Local Governments and Nonprofit Organizations,* tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

Acknowledgments

The Government Finance Officers Association (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Report" to the City of Austell for its comprehensive financial report for fiscal year ended June 30, 2011. This represents the fourteenth year the City has received this prestigious award. In order to be awarded a Certificate of Achievement in Financial Reporting from the Government Finance Officers Association (GFOA), a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe our current comprehensive financial report continues to meet the Certificate of Achievement Program requirements, and I am submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the City and all its departments. We would like to express our appreciation to all members of the City who assisted and contributed to the preparation of this report. Due credit should also be given to the Mayor and Governing Council for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,

Denise Soesbee
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Austell

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Christopher P Morrill
President

Jeffrey R. Esser
Executive Director

City of Austell, Georgia

Principal Officials

MAYOR

Joe Jerkins

CITY COUNCIL

Kirsten Anderson
Ward 1

Martin Standard
Ward 3

Scott S. Thomas
Ward 2

Virginia A. Reagan
Ward 4

Trudy Causey
At-Large, Post 1

Suzanne Thomason
At-Large, Post 2

DEPARTMENT DIRECTORS

Carolyn Duncan
General Administration
Court Clerk

Denise Soesbee
Finance Director

Randy L. Bowens
Public Works Director

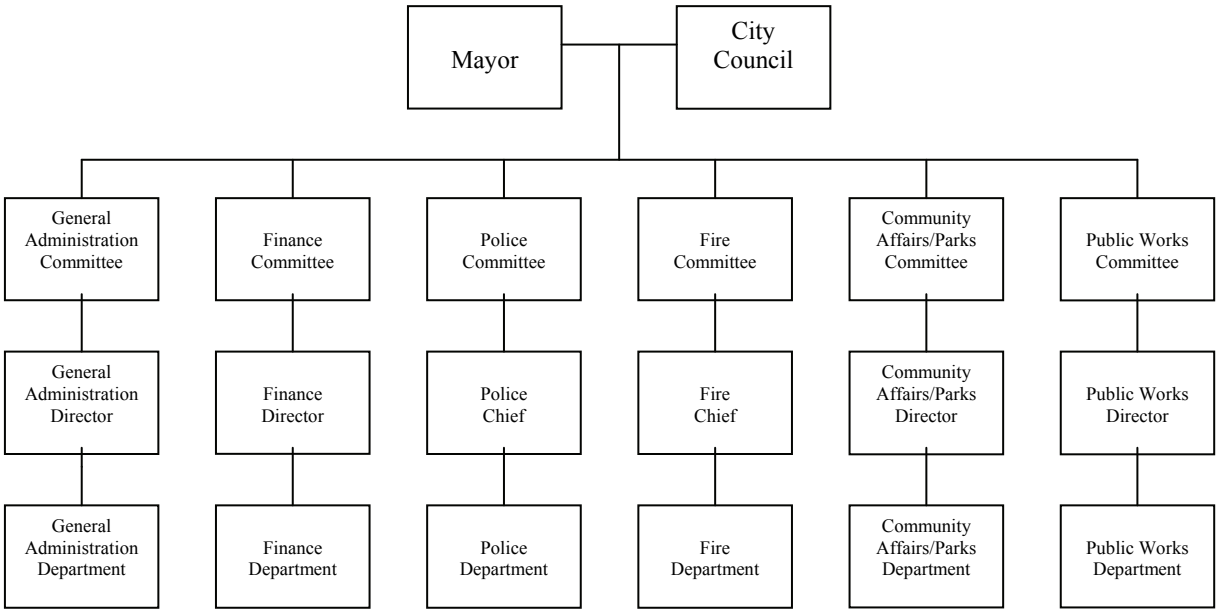
Jimmy R. Graham
Community Development/
Parks Director

Robert G. Starrett
Police Chief

Timothy J. Williams
Fire Chief

CITY OF AUSTELL, GEORGIA

Organizational Structure



FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of City Council
City of Austell, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Austell, Georgia** as of and for the fiscal year ended June 30, 2012, which collectively comprise the City of Austell, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Austell, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Austell, Georgia as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the General Fund and the Multiple Grants Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2012, on our consideration of the City of Austell, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress (on pages 4 through 12 and page 51, respectively) 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Austell, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-21, as listed in the table of contents, are also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Austell, Georgia's basic financial statements. The introductory and statistical sections, 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. Such information has 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 it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 29, 2012

City of Austell, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

Management's discussion and analysis provides an objective and easily readable analysis of the City of Austell, Georgia's (the City) financial activities based on currently known facts, decisions or conditions. The analysis provides current fiscal year summary financial information for the City of Austell, Georgia and should be read in conjunction with the City's financial statements and transmittal letter.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $23,872,842 (net assets). Of this amount, $4,208,212 (unrestricted net assets) may be used to meet the City's ongoing obligations to its citizens and creditors.

- The City had a decrease in net assets of ($517,748) compared to a decrease of ($280,631) in the prior fiscal year. Primary contributors to the decrease were decreases in operating grants and contributions and capital grants and contributions.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $10,552,630. This represents a decrease from the prior fiscal year of approximately $431,000 due primarily to the decrease in intergovernmental and miscellaneous revenue.

- At the end of the current fiscal year, unassigned fund balance of the General Fund was $3,170,763 or 58% of total current fiscal year General Fund expenditures. In the prior year, unassigned fund balance was $3,906,885 or 67% of General Fund expenditures.

Overview of the Financial Statements

The City's basic financial statements include three components; 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements and fund financial statements provide different pictures of the City of Austell, Georgia. The government-wide financial statements provide an overall picture of the City's financial standing, split between governmental activities and business-type activities.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

In the statement of net assets and the statement of activities, the City is divided into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, community development, and general administration. The majority of these activities are financed by property taxes, occupational taxes, intergovernmental revenue (SPLOST), franchise taxes, and ownership fees.

- Business-type activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's Threadmill Complex, water and sewer system, stormwater system, and solid waste are reported here.
- Component unit - The City has one legally separate entity, Austell Natural Gas System. Although legally separate, this "component unit" is important because the City is financially accountable for it.

The government-wide financial statements are presented on pages 13-14 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. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City of Austell 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 fiscal 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 into cash. Governmental fund information assists in determining whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The basic governmental fund financials are presented on pages 15-20 of this report.

The City maintains one (1) General Fund, five (5) special revenue funds and three (3) capital projects funds. The City's General Fund is used for normal recurring activities of the City (i.e., police, fire, recreation, public works, and general government). The City's special revenue funds are: Confiscated Assets, Emergency Telephone System, Public Assistance Grant, Multiple Grants, and Hotel/Motel Tax funds. The capital projects funds are: Cobb County SPLOST, Douglas County SPLOST, and the Austell Area Community Council Fund. Of these funds, the General Fund, Multiple Grants Fund, Cobb County SPLOST Fund, and the Austell Area Community Council Fund are considered major funds and are presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. Data from the remaining governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

- **Proprietary Funds** – The City of Austell, Georgia charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. These are reported in the fund financial statements and generally report services for which the City charges a fee. The City of Austell reports four proprietary funds which are classified as enterprise funds. The enterprise funds are the Threadmill Complex, Water and Sewer, Stormwater, and Solid Waste funds. Of these funds, the Threadmill Complex Fund, Water and Sewer Fund, and the Stormwater Fund are considered major funds.

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

Notes to the Basic Financial Statements
The financial statements include notes that explain some of the information in the financial statements and provide information that is more detailed. The notes are essential for a better understanding of the government-wide and fund financial statements.

The notes are presented on pages 24-50 of this report.

Other Information
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning an analysis of pension plan funding progress. Required supplemental information can be found following the basic financial statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information along with other individual fund budgetary information.

Government-wide Financial Analysis
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $23,872,842 at the close of the most recent fiscal year.

A portion of the City's net assets (52%) reflects its investment in capital assets such as land, buildings, infrastructure, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. 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 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 cannot be used to liquidate these liabilities.

The City has restricted net assets of $7,290,614 which is restricted for capital construction, law enforcement activities, public safety activities, and tourism and economic development, as compared to $7,051,332 of restricted net assets of the prior fiscal year. The remaining balance of unrestricted net assets ($4,208,212) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, governmental activities, business-type activities, and the City's discretely presented component unit.

Net Assets
As noted earlier the City's combined net assets totals $23,872,842 (excluding the City's component unit).

The following table provides a summary of the City's governmental and business-type activities' net assets for the fiscal years ended 2012 and 2011:

Condensed Statement of Net Assets
June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current assets	$ 11,430,884	$ 11,925,040	$ 1,175,863	$ 924,099	$ 12,606,747	$ 12,849,139
Capital assets	8,660,692	8,302,891	9,140,153	9,634,344	17,800,845	17,937,235
Other noncurrent assets	-	-	73,768	82,085	73,768	82,085
Total Assets	20,091,576	20,227,931	10,389,784	10,640,528	30,481,360	30,868,459
Liabilities:						
Current liabilities	874,925	847,201	477,348	643,536	1,352,273	1,490,737
Long-term liabilities	489,798	95,381	4,766,447	4,891,751	5,256,245	4,987,132
Total Liabilities	1,364,723	942,582	5,243,795	5,535,287	6,608,518	6,477,869
Net Assets:						
Invested in capital assets, net of related debt	8,110,670	8,262,097	4,263,346	4,460,100	12,374,016	12,722,197
Restricted	7,290,614	7,051,332	-	-	7,290,614	7,051,332
Unrestricted	3,325,569	3,971,920	882,643	645,141	4,208,212	4,617,061
Total Net Assets	$ 18,726,853	$ 19,285,349	$ 5,145,989	$ 5,105,241	$ 23,872,842	$ 24,390,590

Changes in Net Assets

Governmental and business-type activities decreased the City's net assets by $517,748. The following table provides a summary of the City's changes in net assets:

Condensed Changes in Net Assets
June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	$ 678,884	$ 602,804	$ 5,221,338	$ 4,600,647	$ 5,900,222	$ 5,203,451
Operating grants and contributions	16,222	548,637	-	-	16,222	548,637
Capital grants and contributions	1,548,658	1,567,671	-	-	1,548,658	1,567,671
General revenues:						
Property taxes	585,391	588,691	-	-	585,391	588,691
Other taxes/ownership fees	3,975,698	4,592,066	-	-	3,975,698	4,592,066
Unrestricted investment earnings	4,253	12,060	355	7,083	4,608	19,143
Miscellaneous	73,275	264,452	-	-	73,275	264,452
Gain on sale of capital assets	14,103	-	-	-	14,103	-
Total Revenues	6,896,484	8,176,381	5,221,693	4,607,730	12,118,177	12,784,111
Expenses						
General government	807,178	1,718,896	-	-	807,178	1,718,896
Public safety	3,920,602	4,236,875	-	-	3,920,602	4,236,875
Judicial	166,459	174,291	-	-	166,459	174,291
Public works	1,763,851	1,806,147	-	-	1,763,851	1,806,147
Solid waste management	72	1,706	-	-	72	1,706
Culture and recreation	600,637	89,615	-	-	600,637	89,615
Housing and development	49,761	79,340	-	-	49,761	79,340
Tourism and economic development	4,673	4,888	-	-	4,673	4,888
Interest on long-term debt	1,664	7,333	-	-	1,664	7,333
Threadmill Complex	-	-	1,408,770	1,373,794	1,408,770	1,373,794
Water and sewer	-	-	3,472,137	3,125,881	3,472,137	3,125,881
Stormwater	-	-	290,936	304,530	290,936	304,530
Solid waste	-	-	149,185	141,446	149,185	141,446
Total Expenses	7,314,897	8,119,091	5,321,028	4,945,651	12,635,925	13,064,742
Change in net assets before transfers	(418,413)	57,290	(99,335)	(337,921)	(517,748)	(280,631)
Transfers	(140,083)	(189,569)	140,083	189,569	-	-
Change in Net Assets	(558,496)	(132,279)	40,748	(148,352)	(517,748)	(280,631)
Net Assets, beginning of fiscal year	19,285,349	19,417,628	5,105,241	5,253,593	24,390,590	24,671,221
Net Assets, end of fiscal year	$ 18,726,853	$ 19,285,349	$ 5,145,989	$ 5,105,241	$ 23,872,842	$ 24,390,590

Governmental Activities

Governmental activities decreased the City's net assets by ($558,496), of which can be explained by revenue decreases in franchise fees ($632,331) and grants and miscellaneous revenue ($742,605). Also, expenditures decreased substantially in the general government ($911,718) and public safety programs ($316,273) offset by an increase in the culture and recreation programs ($511,022).

Revenues for Governmental Activities decreased overall by 16% which is primarily attributed to a decrease in grants and other taxes and ownership fees.

Governmental Activities
Program Revenues and Expenses
For the Fiscal Years Ended June 30, 2012 and June 30, 2011

	2012 Revenues	2012 Expenses	2011 Revenues	2011 Expenses
General government	$ 22,160	$ 807,178	$ 552,312	$ 1,718,896
Public safety	219,501	3,920,602	140,253	4,236,875
Judicial	526,675	166,459	437,067	174,291
Public works	1,237,271	1,763,851	1,507,537	1,806,147
Solid waste management	3,758	72	4,056	1,706
Culture and recreation	234,399	600,637	77,887	89,615
Housing and development	-	49,761	-	79,340
Tourism and economic development	-	4,673	-	4,888
Interest on long-term debt	-	1,664	-	7,333
Totals	$ 2,243,764	$ 7,314,897	$ 2,719,112	$ 8,119,091

Governmental Activities
Revenues by Source
For the Fiscal Years Ended June 30, 2012 and June 30, 2011

	2012		2011	
Charges for services	$ 678,884	10%	$ 602,804	11%
Operating grants and contributions	16,222	0%	548,637	3%
Capital grants and contributions	1,548,658	23%	1,567,671	7%
Property taxes	585,391	8%	588,691	8%
Other taxes and ownership fees	3,975,698	58%	4,592,066	66%
Unrestricted investment earnings	4,253	0%	12,060	2%
Miscellaneous	73,275	1%	264,452	2%
Gain on sale of capital assets	14,103	0%	-	1%
Totals	$ 6,896,484	100%	$ 8,176,381	100%

Business-Type Activities

Major revenue sources for the proprietary funds were charges for services of $5,221,338 which is a 13% increase from the previous fiscal year. This increase is primarily attributed to the increase in water and sewer usage from the previous fiscal year. Expenses for the proprietary funds are $5,321,028 which is a 8% increase from the previous fiscal year. This increase is mostly the result of water usage activity for the fiscal year and a 6% rate increase for calendar year 2012.

Business-type Activities
Program Revenues and Expenses
For the Fiscal Years Ended June 30, 2012 and June 30, 2011

	2012 Revenues	2012 Expenses	2011 Revenues	2011 Expenses
Threadmill Complex	$ 1,120,537	$ 1,408,770	$ 1,078,585	$ 1,373,794
Water and Sewer	3,679,283	3,472,137	3,268,623	3,125,881
Stormwater	337,877	290,936	171,224	304,530
Solid Waste	83,641	149,185	82,215	141,446
Totals	$ 5,221,338	$ 5,321,028	$ 4,600,647	$ 4,945,651

Business-type Activities
Revenues by Source
For the Fiscal Years Ended June 30, 2012 and June 30, 2011

	2012		2011	
Charges for services	$ 5,221,338	100%	$ 4,600,647	100%
Unrestricted investment earnings	355	0%	7,083	0%
Totals	$ 5,221,693	100%	$ 4,607,730	100%

Financial Analysis of the City's Individual Funds
The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds
The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of June 30, 2012, the City's governmental funds reported a combined ending fund balance of approximately $10.6 million. Of this total, approximately $3.1 million or 29% constitutes unassigned fund balance, which is available for spending in the next fiscal year. The remainder of fund balance is either nonspendable, restricted, committed, or assigned as to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes.

The General Fund is the primary operating fund of the City. For the fiscal year ended June 30, 2012, unassigned fund balance was approximately $3.2 million, while total fund balance was approximately $3.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 58% of total General Fund expenditures, while total fund balance represents 60% of that same amount.

The fund balance of the General Fund decreased $729,207 during the fiscal year. Key factors in this decrease are as follows:

- Substantial decrease in Franchise and Ownership fees due to the Austell Natural Gas System decreases in overall usage.

- Total expenditures also decreased substantially to compensate for the decrease in revenue.

The fund balance for the Cobb County SPLOST Fund increased $507,224 during the fiscal year. This increase was due to revenue increases to be used for equipment and capital purchases.

The fund balance of the Austell Area Community Council Fund decreased $38,832 during the fiscal year as a result of non-capital related expenditures exceeding interest earned on deposits.

The fund balance of the Multiple Grants Fund increased $101,055 during the fiscal year. A key factor in this increase is that the City has received grant funds for those homes substantially damaged during the 2009 flood through the HMGP Grant program, which is reported in the Multiple Grants Fund. The City's portion of matching funds is 15%.

Financial highlights of the City's other non-major governmental funds are as follows:

- Total fund balance of the non-major governmental funds decreased by $271,403 primarily due to the Emergency Telephone System Fund's expenditures exceeds revenues and transfers in by approximately $232,000.

Enterprise Funds
The City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail.

- Change in net assets of the Threadmill Complex Fund amount to a decrease of $37,678, resulting in total net assets of $780,001. This decrease is primarily due to a decrease in transfers as compared to last fiscal year.
- Change in net assets of the Water and Sewer Fund at the end of the current fiscal year amount to a increase of $1,630, resulting in total net assets of $957,127. The increase is due to operating transfers decreasing substantially during fiscal years 2012.
- Change in net assets of the Stormwater Fund amount to an increase of $77,645, resulting in total net assets of $3,394,328. This increase is primarily due to the City charging customers a more accurate Stormwater fee. In previous fiscal years, the City only charged a flat fee of $1 until the completion of an engineering study, which allowed the City to determine a more reasonable charge to customers. This study was finalized in the 2011 fiscal year.
- Change in net assets of the Solid Waste Fund (nonmajor enterprise fund) amount to a decrease of $849, resulting in total net assets of $14,533. This decrease is due to transfer of employees from other funds in prior fiscal years to the Solid Waste Fund.

Budgetary Highlights
The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level. The most significant budgeted fund is the General Fund. The City Council amended the General Fund budget at various times throughout the fiscal year. The amendments to total expenditures did not affect the overall budget.

Capital Assets
The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities for the current fiscal year ended June 30, 2012, was $8,660,692 and $9,140,153, respectively. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. The major additions and deletions to capital for the fiscal year were:

- Added new park improvements from the LCI grant funds.

At June 30, 2012, the depreciable capital assets for governmental activities were 46% depreciated. The business-type activities are 44% depreciated.

Additional information on the City's capital assets can be found in Note 6 of the Basic Financial Statements of this report.

Long-Term Debt
During the current fiscal year, the City retired $300,000 of the beginning outstanding bonds and $19,989 of outstanding capital lease obligations. At the end of the current fiscal year, the City of Austell had total debt outstanding of $5,560,553 in which the majority of the debt included $550,022 of capital leases secured for the purchase of vehicles, trucks, other equipment, and $4,905,000 of revenue bonds.

Additional information on the City's long-term debt can be found in Note 8 of the Basic Financial Statements section of this report.

Economic Conditions Affecting the City
Key assumptions for fiscal year 2013 are summarized as follows:

- The Austell Natural Gas System ownership fees were budgeted to be approximately $3.5 million. Anticipated revenue at the current rate of 8% gross sales is expected to be approximately $3.5 million.
- Increases in healthcare costs are anticipated for the 2012-13 fiscal year.
- On September 18, 2009, the City of Austell, Georgia was flooded and almost 700 of its approximately 2,500 homes were severely affected. The City completed all projects funded by the Public Assistance Grant Fund on May 15, 2011. The HMGP Grant program continues impacting the City as it prepares to maintain and repair the properties of the land that was purchased.
- Additional purchases of substantially damaged properties through the HMGP Grant program have been approved by FEMA and are anticipated to add up to 47 new properties to purchase with these grant funds.

Request for Information
This financial report is designed to provide a general overview of the City's finances, compliance with finance-related laws and regulations; and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or request for additional information should be addressed to Denise Soesbee, Finance Director, City of Austell, 2716 Broad Street, SW, Austell, Georgia 30106.

A complete set of financial statements for the City's Component unit, Austell Natural Gas System, may be obtained at the entity's administrative offices at 2838 Joe Jerkins Blvd; P.O. Box 685, Austell, Georgia 30168.

CITY OF AUSTELL, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government			Component Unit
ASSETS	Governmental Activities	Business-type Activities	Total	Austell Natural Gas System
Cash and cash equivalents	$ 3,116,554	$ 220,868	$ 3,337,422	$ 21,956,642
Investments	5,000,000	167,728	5,167,728	-
Taxes receivable	361,916	-	361,916	-
Other receivables	14,443	114	14,557	-
Accounts receivable, net of allowances	46,695	717,799	764,494	1,805,004
Due from component unit	2,292,379	-	2,292,379	-
Due from other governments	444,584	-	444,584	116,469
Inventory	-	21,913	21,913	2,619,728
Prepaid items	154,313	47,441	201,754	357,865
Restricted cash and cash equivalents	-	-	-	12,771,880
Other assets	-	18	18	-
Deferred charges, unamortized balance	-	73,750	73,750	85,305
Net pension asset	-	-	-	716,045
Capital assets:				
Non-depreciable	2,118,008	545,640	2,663,648	452,605
Depreciable, net of accumulated depreciation	6,542,684	8,594,513	15,137,197	22,615,355
Total assets	20,091,576	10,389,784	30,481,360	63,496,898
LIABILITIES				
Accounts payable	612,230	-	612,230	2,285,816
Accrued interest payable	-	112,643	112,643	41,378
Accrued liabilities	23,843	6,686	30,529	252,378
Unearned revenue	21,888	34,284	56,172	1,512,801
Customer deposits payable	1,500	184,256	185,756	1,515,029
Due to primary government	-	-	-	2,432,322
Due to other governments	50,635	-	50,635	-
Compensated absences due within one fiscal year	26,151	8,735	34,886	338,987
Compensated absences due in more than one fiscal year	78,454	20,384	98,838	-
Capital leases due within one fiscal year	140,178	-	140,178	32,473
Capital leases due in more than one fiscal year	409,844	-	409,844	-
Bonds payable due within one fiscal year	-	315,000	315,000	1,495,000
Bonds payable due in more than one fiscal year	-	4,561,807	4,561,807	5,120,000
Net OPEB obligation	-	-	-	81,723
Total liabilities	1,364,723	5,243,795	6,608,518	15,107,907
NET ASSETS				
Invested in capital assets, net of related debt	8,110,670	4,263,346	12,374,016	16,420,487
Restricted for capital construction	7,223,817	-	7,223,817	597,495
Restricted for law enforcement activities	7,595	-	7,595	-
Restricted for public safety activities	53,240	-	53,240	-
Restricted for tourism and economic development	5,962	-	5,962	-
Restricted for renewal and extension	-	-	-	10,112,067
Restricted for debt service	-	-	-	525,940
Unrestricted	3,325,569	882,643	4,208,212	20,733,002
Total net assets	$ 18,726,853	$ 5,145,989	$ 23,872,842	$ 48,388,991

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

CITY OF AUSTELL, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Austell Natural Gas System
Primary government:								
Governmental activities:								
General government	$ 807,178	$ 5,938	$ 16,222	$ -	$ (785,018)	$ -	$ (785,018)	$ -
Judicial	166,459	526,675	-	-	360,216	-	360,216	-
Public safety	3,920,602	123,571	-	95,930	(3,701,101)	-	(3,701,101)	-
Public works	1,763,851	18,942	-	1,218,330	(526,580)	-	(526,580)	-
Solid waste management	72	3,758	-	-	3,686	-	3,686	-
Culture and recreation	600,637	-	-	234,399	(366,238)	-	(366,238)	-
Housing and development	49,761	-	-	-	(49,761)	-	(49,761)	-
Tourism and economic development	4,673	-	-	-	(4,673)	-	(4,673)	-
Interest on long-term debt	1,664	-	-	-	(1,664)	-	(1,664)	-
Total governmental activities	7,314,897	678,884	16,222	1,548,658	(5,071,133)	-	(5,071,133)	-
Business-type activities:								
Threadmill Complex	1,408,770	1,120,537	-	-	-	(288,233)	(288,233)	-
Water and Sewer	3,472,137	3,679,283	-	-	-	207,146	207,146	-
Stormwater	290,936	337,877	-	-	-	46,941	46,941	-
Solid Waste	149,185	83,641	-	-	-	(65,544)	(65,544)	-
Total business-type activities	5,321,028	5,221,338	-	-	-	(99,690)	(99,690)	-
Total primary government	$ 12,635,925	$ 5,900,222	$ 16,222	$ 1,548,658	(5,071,133)	(99,690)	(5,170,823)	-
Component unit:								
Austell Natural Gas System	$ 40,134,110	$ 37,916,755	$ -	$ -	-	-	-	(2,217,355)
General revenues:								
Property taxes					$ 585,391	$ -	$ 585,391	$ -
Franchise taxes					3,369,935	-	3,369,935	-
Insurance premium taxes					308,677	-	308,677	-
Business occupation taxes					101,920	-	101,920	-
Sales and use taxes					55,388	-	55,388	-
Other taxes					137,457	-	137,457	-
Penalties and interest					2,321	-	2,321	-
Unrestricted investment earnings					4,253	355	4,608	28,364
Gain on sale of capital assets					14,103	-	14,103	-
Miscellaneous					73,275	-	73,275	40,013
Transfers					(140,083)	140,083	-	-
Total general revenues and transfers					4,512,637	140,438	4,653,075	68,377
Change in net assets					(558,496)	40,748	(517,748)	(2,148,978)
Net assets, beginning of fiscal year					19,285,349	5,105,241	24,390,590	50,537,969
Net assets, end of fiscal year					$ 18,726,853	$ 5,145,989	$ 23,872,842	$ 48,388,991

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

CITY OF AUSTELL, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

ASSETS	General Fund	Cobb County SPLOST Fund	Austell Area Community Council Fund	Multiple Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 339,746	$ 1,826,914	$ 475,631	$ 399,967	$ 74,296	$ 3,116,554
Investments	-	-	5,000,000	-	-	5,000,000
Accounts receivable, net of allowances	29,898	-	-	-	16,797	46,695
Taxes receivable, net of allowances	141,830	219,740	-	-	346	361,916
Due from other governments	-	-	-	394,354	50,230	444,584
Other receivables	11,622	-	2,821	-	-	14,443
Due from other funds	1,072,134	-	1,861	-	6,070	1,080,065
Due from component unit	2,292,379	-	-	-	-	2,292,379
Prepaid items	133,649	-	-	-	20,664	154,313
Total assets	$ 4,021,258	$ 2,046,654	$ 5,480,313	$ 794,321	$ 168,403	$ 12,510,949
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 498,254	$ -	$ -	$ -	$ 113,976	$ 612,230
Customer deposits	1,500	-	-	-	-	1,500
Accrued liabilities	21,026	-	-	-	2,817	23,843
Due to other funds	7,931	318,813	-	753,321	-	1,080,065
Due to other governments	22,977	-	-	27,658	-	50,635
Deferred revenues	165,158	-	-	3,000	21,888	190,046
Total liabilities	716,846	318,813	-	783,979	138,681	1,958,319
FUND BALANCES						
Fund balances:						
Nonspendable for:						
Prepaid items	133,649	-	-	-	20,664	154,313
Restricted for:						
Capital construction	-	1,727,841	5,480,313	10,342	5,321	7,223,817
Law enforcement activities	-	-	-	-	7,595	7,595
Public safety activities	-	-	-	-	53,240	53,240
Tourism and economic development	-	-	-	-	5,962	5,962
Unassigned (deficit)	3,170,763	-	-	-	(63,060)	3,107,703
Total fund balances	3,304,412	1,727,841	5,480,313	10,342	29,722	10,552,630
Total liabilities and fund balances	$ 4,021,258	$ 2,046,654	$ 5,480,313	$ 794,321	$ 168,403	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,660,692
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	168,158
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.	(654,627)
Net assets of governmental activities	$ 18,726,853

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

CITY OF AUSTELL, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Cobb County SPLOST Fund	Austell Area Community Council Fund	Multiple Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 4,526,644	$ -	$ -	$ -	$ 3,181	$ 4,529,825
Licenses and permits	22,550	-	-	-	-	22,550
Intergovernmental	63,667	812,999	-	624,483	16,163	1,517,312
Charges for services	16,441	-	-	-	113,218	129,659
Fines and forfeitures	525,035	-	-	-	1,640	526,675
Interest income	3,691	2,722	44,270	-	562	51,245
Contributions and donations	576	-	-	-	-	576
Miscellaneous	73,275	-	-	-	-	73,275
Total revenues	5,231,879	815,721	44,270	624,483	134,764	6,851,117
Expenditures						
Current:						
General government	702,011	-	81,160	-	-	783,171
Judicial	166,459	-	-	-	-	166,459
Public safety	3,143,535	98,626	-	57,099	497,744	3,797,004
Public works	752,895	541,752	-	723,506	-	2,018,153
Solid waste management	72	-	-	-	-	72
Culture and recreation	647,788	195,473	-	-	48	843,309
Housing and development	49,761	-	-	-	-	49,761
Tourism and economic development	-	-	-	-	4,673	4,673
Capital outlay	-	-	1,942	-	-	1,942
Debt service:						
Principal retirements	19,989	-	-	-	-	19,989
Interest expenditures	1,664	-	-	-	-	1,664
Total expenditures	5,484,174	835,851	83,102	780,605	502,465	7,686,197
Deficiency of revenues under expenditures	(252,295)	(20,130)	(38,832)	(156,122)	(367,701)	(835,080)
Other financing sources (uses):						
Capital leases	-	529,217	-	-	-	529,217
Proceeds from sale of capital assets	14,783	-	-	-	-	14,783
Transfers in	262,873	-	-	257,177	151,462	671,512
Transfers out	(754,568)	(1,863)	-	-	(55,164)	(811,595)
Total other financing sources (uses)	(476,912)	527,354	-	257,177	96,298	403,917
Net change in fund balances	(729,207)	507,224	(38,832)	101,055	(271,403)	(431,163)
Fund balances (DEFICITS), beginning of fiscal year	4,033,619	1,220,617	5,519,145	(90,713)	301,125	10,983,793
Fund balances, end of fiscal year	$ 3,304,412	$ 1,727,841	$ 5,480,313	$ 10,342	$ 29,722	$ 10,552,630

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

CITY OF AUSTELL, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Net change in fund balances - total governmental funds		$ (431,163)
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 outlay exceeded depreciation expense in the current period.		358,481
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets (accumulated depreciation on disposal of capital assets of $44,180 offset by the asset value of the disposals $44,860).		(680)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		31,264
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Initiation of capital leases	($529,217)	
Principal payments on capital leases	19,989	(509,228)
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 (net change in compensated absences).		(7,170)
Change in net assets - governmental activities		$ (558,496)

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

CITY OF AUSTELL, GEORGIA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
General property taxes	$ 499,900	$ 499,900	$ 554,127	$ 54,227
Sales and excise taxes	50,000	50,000	55,388	5,388
Franchise and other taxes	4,304,000	4,304,000	3,504,211	(799,789)
Occupational and premium taxes	385,000	385,000	410,597	25,597
Penalties and interest	2,500	2,500	2,321	(179)
Licenses and permits	46,289	46,289	22,550	(23,739)
Intergovernmental	70,000	70,000	63,667	(6,333)
Charges for services	23,200	23,200	16,441	(6,759)
Fines and forfeitures	710,000	710,000	525,035	(184,965)
Interest income	5,000	5,000	3,691	(1,309)
Contributions and donations	-	-	576	576
Miscellaneous	61,000	61,000	73,275	12,275
Total revenues	6,156,889	6,156,889	5,231,879	(925,010)
Expenditures				
Current:				
General government:				
Legislative	244,425	244,425	242,593	1,832
General administration	440,693	454,693	459,418	(4,725)
Total general government	685,118	699,118	702,011	(2,893)
Judicial:				
Municipal court	176,151	176,151	166,459	9,692
Public safety:				
Police administration	1,607,751	1,607,751	1,386,631	221,120
Custody of prisoners	323,492	287,492	232,658	54,834
Fire administration	1,622,514	1,622,514	1,524,246	98,268
Total public safety	3,553,757	3,517,757	3,143,535	374,222
Public works:				
Highways and streets	590,748	626,748	642,401	(15,653)
Maintenance and shop	110,876	110,876	110,494	382
Total public works	701,624	737,624	752,895	(15,271)
Solid waste management:				
Solid waste and recycling	-	-	72	(72)
Culture and recreation:				
Community center	45,400	37,900	35,241	2,659
Playgrounds	2,500	2,500	1,856	644
Sports facilities	-	7,500	7,468	32
Special activities	20,715	35,715	36,953	(1,238)
Parks administration	576,803	569,303	566,270	3,033
Total culture and recreation	645,418	652,918	647,788	5,130
Housing and development:				
Protective inspection	26,172	12,172	12,321	(149)
Planning and zoning	3,300	3,300	1,269	2,031
Code enforcement	39,927	32,427	33,447	(1,020)
Economic opportunity	5,000	5,000	2,273	2,727
Austell supermarket	500	500	451	49
Total housing and development	74,899	53,399	49,761	3,638

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

Continued

CITY OF AUSTELL, GEORGIA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures				
Debt service:				
Principal	19,900	19,900	19,989	(89)
Interest	1,665	1,665	1,664	1
Total debt service	21,565	21,565	21,653	(88)
Total expenditures	5,858,532	5,858,532	5,484,174	374,358
Excess (deficiency) of revenues over (under) expenditures	298,357	298,357	(252,295)	(550,652)
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	14,783	14,783
Transfers in	-	-	262,873	262,873
Transfers out	(298,357)	(298,357)	(754,568)	(456,211)
Total other financing sources (uses)	(298,357)	(298,357)	(476,912)	(178,555)
Net change in fund balances	-	-	(729,207)	(729,207)
Fund balances, beginning of fiscal year	4,033,619	4,033,619	4,033,619	-
Fund balances, end of fiscal year	$ 4,033,619	$ 4,033,619	$ 3,304,412	$ (729,207)

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

CITY OF AUSTELL, GEORGIA
MULTIPLE GRANTS FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 35,000	$ 35,000	$ 624,483	$ 589,483
Total revenue	35,000	35,000	624,483	589,483
EXPENDITURES				
Public safety	35,000	35,000	57,099	(22,099)
Public works	-	-	723,506	(723,506)
Total expenditures	35,000	35,000	780,605	(745,605)
Deficiency of revenues under expenditures	-	-	(156,122)	(156,122)
OTHER FINANCING SOURCES				
Transfers in	-	-	257,177	257,177
Net change in fund balances	-	-	101,055	101,055
FUND BALANCES (DEFICITS), beginning of fiscal year	(90,713)	(90,713)	(90,713)	-
FUND BALANCES (DEFICITS), end of fiscal year	$ (90,713)	$ (90,713)	$ 10,342	$ 101,055

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

CITY OF AUSTELL, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds				
ASSETS	Threadmill Complex Fund	Water and Sewer Fund	Stormwater Fund	Nonmajor Solid Waste Enterprise Fund	Totals
CURRENT ASSETS					
Cash	$ 60,628	$ 160,240	$ -	$ -	$ 220,868
Investments	-	167,728	-	-	167,728
Accounts receivable, net of allowance	1,150	373,018	328,390	15,241	717,799
Other receivables	-	114	-	-	114
Prepaid items	9,067	30,134	7,203	1,037	47,441
Inventory	-	21,913	-	-	21,913
Total current assets	70,845	753,147	335,593	16,278	1,175,863
NONCURRENT ASSETS					
Capital Assets					
Nondepreciable	488,140	57,500	-	-	545,640
Depreciable assets	8,343,221	2,320,897	4,647,830	-	15,311,948
	8,831,361	2,378,397	4,647,830	-	15,857,588
Accumulated depreciation	(3,147,720)	(1,984,873)	(1,584,842)	-	(6,717,435)
Total noncurrent assets	5,683,641	393,524	3,062,988	-	9,140,153
OTHER NONCURRENT ASSETS					
Other assets	-	18	-	-	18
Deferred charges	73,750	-	-	-	73,750
Total other noncurrent assets	73,750	18	-	-	73,768
Total noncurrent assets	5,757,391	393,542	3,062,988	-	9,213,921
Total assets	5,828,236	1,146,689	3,398,581	16,278	10,389,784
LIABILITIES					
CURRENT LIABILITIES					
Accrued liabilities	823	4,633	1,025	205	6,686
Accrued interest payable	112,643	-	-	-	112,643
Unearned revenue	34,284	-	-	-	34,284
Customer deposits payable	17,581	166,675	-	-	184,256
Compensated absences	1,829	5,476	968	462	8,735
Bonds payable	315,000	-	-	-	315,000
Total current liabilities	482,160	176,784	1,993	667	661,604
NONCURRENT LIABILITIES					
Compensated absences	4,268	12,778	2,260	1,078	20,384
Bonds payable	4,561,807	-	-	-	4,561,807
Total noncurrent liabilities	4,566,075	12,778	2,260	1,078	4,582,191
Total liabilities	5,048,235	189,562	4,253	1,745	5,243,795
NET ASSETS					
Invested in capital assets, net of related debt	806,834	393,524	3,062,988	-	4,263,346
Unrestricted (deficit)	(26,833)	563,603	331,340	14,533	882,643
Total net assets	$ 780,001	$ 957,127	$ 3,394,328	$ 14,533	$ 5,145,989

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

CITY OF AUSTELL, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds				
	Threadmill Complex Fund	Water and Sewer Fund	Stormwater Fund	Nonmajor Solid Waste Enterprise Fund	Totals
OPERATING REVENUE					
Sales and charges for services	$ -	$ 3,671,763	$ 337,877	$ 83,641	$ 4,093,281
Rent and royalties	1,120,537	-	-	-	1,120,537
Miscellaneous	-	7,520	-	-	7,520
Total operating revenues	1,120,537	3,679,283	337,877	83,641	5,221,338
OPERATING EXPENSES					
Personal services and employee benefits	181,082	870,059	117,578	42,482	1,211,201
Contractual services	215,589	173,964	59,667	100,780	550,000
Supplies	387,396	2,361,698	19,784	5,923	2,774,801
Depreciation and amortization	353,725	66,416	93,907	-	514,048
Total operating expenses	1,137,792	3,472,137	290,936	149,185	5,050,050
Operating income (loss)	(17,255)	207,146	46,941	(65,544)	171,288
NON-OPERATING REVENUES (EXPENSES)					
Interest income	25	330	-	-	355
Interest expense	(270,978)	-	-	-	(270,978)
Total non-operating expenses	(270,953)	330	-	-	(270,623)
Income (loss) before transfers	(288,208)	207,476	46,941	(65,544)	(99,335)
Transfers in	250,530	1,863	30,704	64,695	347,792
Transfers out	-	(207,709)	-	-	(207,709)
	250,530	(205,846)	30,704	64,695	140,083
Change in net assets	(37,678)	1,630	77,645	(849)	40,748
Total net assets, beginning of fiscal year	817,679	955,497	3,316,683	15,382	5,105,241
Total net assets, end of fiscal year	$ 780,001	$ 957,127	$ 3,394,328	$ 14,533	$ 5,145,989

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

CITY OF AUSTELL, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds				
	Threadmill Complex Fund	Water and Sewer Fund	Stormwater Fund	Nonmajor Solid Waste Enterprise Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 1,119,833	$ 3,634,166	$ 167,869	$ 82,938	$ 5,004,806
Payments to suppliers	(606,129)	(2,556,033)	(81,966)	(106,789)	(3,350,917)
Payments to employees	(180,164)	(867,088)	(115,297)	(40,844)	(1,203,393)
Net cash provided by (used in) operating activities	333,540	211,045	(29,394)	(64,695)	450,496
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	250,530	1,863	30,704	64,695	347,792
Transfers out to other funds	-	(207,709)	-	-	(207,709)
Net cash provided by (used in) non-capital financing activities	250,530	(205,846)	30,704	64,695	140,083
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on bonds payable	(300,000)	-	-	-	(300,000)
Interest paid	(277,962)	-	-	-	(277,962)
Purchases of capital assets	(6,108)	(3,171)	(1,310)	-	(10,589)
Net cash used in capital and related financing activities	(584,070)	(3,171)	(1,310)	-	(588,551)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	-	(2,142)	-	-	(2,142)
Interest received	25	330	-	-	355
Net cash provided by (used in) investing activities	25	(1,812)	-	-	(1,787)
Net increase in cash	25	216	-	-	241
Cash, beginning of fiscal year	60,603	160,024	-	-	220,627
Cash, end of fiscal year	$ 60,628	$ 160,240	$ -	$ -	$ 220,868
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	$ (17,255)	$ 207,146	$ 46,941	$ (65,544)	$ 171,288
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	353,725	66,416	93,907	-	514,048
Change in assets and liabilities:					
Increase in accounts receivable	(825)	(50,117)	(170,008)	(703)	(221,653)
Increase in prepaids	(3,144)	(13,826)	(2,515)	(86)	(19,571)
Increase in inventory	-	(6,545)	-	-	(6,545)
Increase (decrease) in accrued liabilities	(87)	1,298	722	98	2,031
Increase in compensated absences payable	1,005	1,673	1,559	1,540	5,777
Increase (decrease) in customer deposits payable	(659)	5,000	-	-	4,341
Increase in unearned revenue	780	-	-	-	780
Net cash provided by (used in) operating activities	$ 333,540	$ 211,045	$ (29,394)	$ (64,695)	$ 450,496

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Austell, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 Austell, Georgia which was founded in 1885, operates under a mayor-council form of government and provides the following services to its citizens: public safety (police and fire); highways and streets; water, sewer, stormwater, and sanitation; public improvements; planning and zoning; and general administrative services.

The accompanying financial statements present the City and its component unit, for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Discretely Presented Component Unit

The Austell Natural Gas System (the "System") is shown as a discretely presented component unit in the accompanying financial statements. The purpose of the System is to provide natural gas and related services throughout the City of Austell. The System currently serves customers in the City of Austell and residents of Cobb County and Douglas County, Georgia. The Mayor appoints all members to the System's Board and the City is financially responsible for the payment of the debt issued by the System. The System has a July 31 fiscal year-end. Amounts shown as due from component unit and due to primary government may differ due to the City having a June 30 fiscal year-end, whereas the System has a July 31 fiscal year-end. Complete financial statements for the System can be obtained at the System's administrative offices at 2828 Joe Jerkins Boulevard, Austell, GA 30106.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government and its component unit. (For the most part, the effect of interfund activity has been removed from the government-wide financial statements). Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally 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 the legally separate component unit for which the primary government is financially accountable.

The statement of net assets 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 considered program revenues are reported instead as general revenues.

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.

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

The government-wide financial statements are reported using the economic resource 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 related cash flows. Property taxes are recognized as revenues in the fiscal 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally 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, licenses and permits, charges for services, and interest 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.

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 **Cobb County SPLOST Capital Projects Fund** accounts for the acquisition and construction of major capital facilities and improvements that were approved by the voters of Cobb County, Georgia through the special purpose local option sales tax referendum. The amounts collected in this fund are restricted by the external service provider to be spent on capital projects throughout the City.

The **Austell Area Community Council Capital Projects Fund** accounts for monies contributed by the Norfolk Southern Company for the purpose of constructing public facilities throughout the City. The amounts collected in this fund are restricted by the external service provider to be spent on capital projects throughout the City.

The **Multiple Grants Special Revenue Fund** accounts for grant monies received from a variety of Federal and State agencies. These specific revenue sources are either restricted or committed to expenditures for specified purposes other than debt services or capital projects.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the City reports the following fund types within the nonmajor governmental funds:

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

The **capital projects funds** account for acquisition and construction of major capital facilities other than those financed by proprietary funds.

The City reports the following major proprietary funds:

The **Threadmill Complex Fund** accounts for the operations of the Threadmill Complex which is used for City offices and spaces rented to private businesses and other governmental agencies.

The **Water and Sewer Fund** accounts for the activity of the City's utility system.

The **Stormwater Fund** accounts for the activity of the City's stormwater system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods 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. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

Annual appropriated budgets are adopted for all funds, except capital projects funds, which have project length budgets except for the Austell Area Community Council Capital Projects Fund ("AACIC"), which has an annual budget. However, as of June 30, 2012, no annual original budget was adopted for the AACIC Fund. Additionally, there was no original or amended annual budget adopted for the City's Public Assistance Grant Special Revenue Fund prior to June 30, 2012. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. 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 not employed by the City.

E. Deposits and Investments

Georgia Statutes authorize the City to invest in the following: (1) obligations of Georgia or any other States; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of State or U.S. obligations.

For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is 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." Customer accounts receivable include billed but uncollected amounts and unbilled receivables based upon a pro rata amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items reported in the governmental funds are equally offset by a nonspendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of net current asset.

I. Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure (e.g., roads, bridges, sidewalks, and similar items) prior to July 1, 2003 have not been reported.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Infrastructure	25-50
Buildings and improvements	30
Vehicles	5-7
Furniture and fixtures	7-10
Machinery and equipment	3-10
Computer equipment	3-5

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Deferred (Unearned) Revenue

Deferred revenues at the governmental fund level arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred/Unearned revenue also arise in both the governmental fund level and government-wide level when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements.

In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred or unearned revenue is removed from the balance sheet and revenue is recognized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as deferred charges.

Proprietary fund type loans payable are reported as liabilities at their outstanding value. Loan issuance costs are reported as deferred charges and amortized over the term of the loan using the effective interest method.

In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources and bond issuance costs as expenditures.

N. Fund Equity and Net Assets

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Equity and Net Assets (Continued)

Fund balances are classified as follows:

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

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the City Council. Only the City Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has expressly delegated to the City's finance director the authority to assign funds for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund.

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, and (3) Unassigned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Equity and Net Assets (Continued)

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Restrictions on the government-wide statement of net assets represent amounts segregated to meet debt covenants and Federal and State laws.

O. 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

P. Interfund Transactions

Interfund services provided and used in the fund financial statements are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

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 Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. 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 $654,627 difference are as follows:

Capital leases payable	$	(550,022)
Compensated absences		(104,605)
Net adjustment to reduce *fund balance - total governmental funds to arrive at net assets - governmental activities*	$	(654,627)

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 assets 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 useful lives and reported as depreciation expense." The details of this $358,481 difference are as follows:

Capital outlay	$	928,749
Depreciation expense		(570,268)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	358,481

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Austell, Georgia employs the following procedures in establishing its annual budget:

1. The administration of the City submits a proposed operating budget to the Mayor and City Council. The operating budget includes proposed expenditures and the means for financing them.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (Continued)

2. Prior to any action by the Mayor and City Council, the City publishes the proposed budget and makes copies available to the residents of the City.
3. Public meetings are held to obtain taxpayer comments.
4. The budget is then legally enacted through passage of a resolution by the Mayor and City Council.
5. Budgetary control is exercised at the department level. The City administration is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the Mayor and City Council. The City did not significantly amend the budgets for any of its funds during the fiscal year ended June 30, 2012, except for amending a budget for the Austell Area Community Council Fund due to the City not adopting a budget during the initial proposed operating budget process. The City also did not adopt or amend an annual budget for the Public Assistance Grant Special Revenue Fund.

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2012:

Multiple Grants Fund departments:		
Public Safety	$	22,099
Public Works		723,506
Austell Area Community Council Fund departments:		
General Government		1,160
Capital Outlay		1,942
Hotel/Motel Tax Fund - Tourism and Economic Development		1,473
Public Assistance Grant Fund - Transfers Out		55,164
Cobb County SPLOST Fund departments:		
Public Safety		11,020
Public Works		21,496
Culture and Recreation		49,469
Transfers Out		1,863
General Fund departments:		
General Government (General Administration)		4,725
Highways and Streets (Public Works)		15,653
Solid Waste and Recycling (Solid Waste Management)		72
Special Activities (Culture and Recreation)		1,238
Protective Inspection (Housing and Development)		149
Code Enforcement (Housing and Development)		1,020
Principal Debt Service		89
Transfers Out		456,211
Douglas County SPLOST Fund departments:		
Culture and Recreation		48

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

NOTE 4. DEPOSITS

Total deposits as of June 30, 2012 are summarized as follows:

Investment	Maturities	Fair Value
Cash and cash equivalents	---	$ 3,337,422
Certificates of Deposit	9/10/2012 - 1/7/2013	5,167,728
		$ 8,505,150

Interest rate risk. The City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits: 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 and investments (other than Federal or State government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2012, all of the deposits of the City were fully collateralized in accordance with State statues. The City's component unit did not have any deposits that were uninsured or under collateralized as defined by GASB pronouncements and State of Georgia statutes.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The tax bills are levied on July 1. Tax billings are mailed in the month of November and considered due upon receipt by the taxpayer; however, the actual due date is December 20. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes are recorded as receivables and deferred revenues when levied. Revenues are recognized when available.

Receivables at June 30, 2012, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Cobb County SPLOST Fund	Austell Area Community Council Fund	Multiple Grants Fund	Threadmill Complex Fund	Water & Sewer Fund	Stormwater Fund	Other Nonmajor Funds
Receivables:								
Taxes	$ 186,514	$ 219,740	$ -	$ -	$ -	$ -	$ -	$ 346
Accounts	29,898	-	-	-	2,150	567,482	328,390	32,038
Due from other governments	-	-	-	394,354	-	-	-	50,230
Other	11,622	-	2,821	-	-	114	-	-
Less allowance for uncollectible receivables	(44,684)	-	-	-	(1,000)	(194,464)	-	-
Net total receivable	$ 183,350	$ 219,740	$ 2,821	$ 394,354	$ 1,150	$ 373,132	$ 328,390	$ 82,614

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2012, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,937,601	$ 24,060	$ -	$ 1,961,661
Construction in progress	-	156,347	-	156,347
Total	1,937,601	180,407	-	2,118,008
Capital assets, being depreciated:				
Buildings and improvements	4,807,408	260,570	-	5,067,978
Infrastructure	3,308,021	-	-	3,308,021
Furniture and fixtures	61,970	-	-	61,970
Machinery and equipment	1,039,306	131,855	(7,342)	1,163,819
Computer equipment	132,035	-	(1,000)	131,035
Vehicles	1,957,787	355,917	(36,518)	2,277,186
Total	11,306,527	748,342	(44,860)	12,010,009
Less accumulated depreciation for:				
Buildings and improvements	(2,331,422)	(151,329)	-	(2,482,751)
Infrastructure	(225,860)	(67,833)	-	(293,693)
Furniture and fixtures	(33,863)	(7,773)	-	(41,636)
Machinery and equipment	(745,925)	(135,088)	6,662	(874,351)
Computer equipment	(109,587)	(16,231)	1,000	(124,818)
Vehicles	(1,494,580)	(192,014)	36,518	(1,650,076)
Total	(4,941,237)	(570,268)	44,180	(5,467,325)
Total capital assets, being depreciated, net	6,365,290	178,074	(680)	6,542,684
Governmental activities capital assets, net	$ 8,302,891	$ 358,481	$ (680)	$ 8,660,692

NOTE 6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 545,640	$ -	$ -	$ 545,640
Total	545,640	-	-	545,640
Capital assets, being depreciated:				
Infrastructure	6,396,410	-	(20,000)	6,376,410
Buildings and improvements	8,206,830	1,863	-	8,208,693
Machinery and equipment	373,800	8,726	(18,368)	364,158
Vehicles	351,879	-	(3,000)	348,879
Computer equipment	14,958	-	(1,150)	13,808
Total	15,343,877	10,589	(42,518)	15,311,948
Less accumulated depreciation for:				
Infrastructure	(2,942,977)	(143,410)	20,000	(3,066,387)
Buildings and improvements	(2,674,697)	(314,805)	-	(2,989,502)
Machinery and equipment	(269,768)	(46,332)	18,368	(297,732)
Vehicles	(352,899)	-	3,000	(349,899)
Computer equipment	(14,832)	(233)	1,150	(13,915)
Total	(6,255,173)	(504,780)	42,518	(6,717,435)
Total capital assets, being depreciated, net	9,088,704	(494,191)	-	8,594,513
Business-type activities capital assets, net	$ 9,634,344	$ (494,191)	$ -	$ 9,140,153

NOTE 6. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	$ 78,625
Public safety	246,520
Public works	127,478
Culture and recreation	117,645
Total depreciation expense - governmental activities	$ 570,268
Business-type activities:	
Threadmill complex	$ 344,457
Water and sewer	66,416
Stormwater	93,907
Total depreciation expense - business-type activities	$ 504,780

Austell Natural Gas System

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 344,992	$ 70,576	$ -	$ 415,568
Construction in progress	27,150	9,887	-	37,037
Total	372,142	80,463	-	452,605
Capital assets, being depreciated:				
Infrastructure	72,002,436	711,041	(104,701)	72,608,776
Furniture, fixtures, and equipment	2,340,599	70,482	(77,290)	2,333,791
Vehicles	1,107,996	31,677	-	1,139,673
Total	75,451,031	813,200	(181,991)	76,082,240
Less accumulated depreciation:	50,759,434	2,889,442	(181,991)	53,466,885
Total capital assets, net	$ 25,063,739	$ (1,995,779)	$ -	$ 23,067,960

NOTE 7. OPERATING LEASES

The City is the lessor of office space at the Threadmill Complex. During fiscal year 2012, the City received $1,120,537 in operating lease revenue. The carrying value of the building and improvements of $5,683,642 (cost of $8,831,362 less accumulated depreciation of $3,147,720) is included in capital assets in the Threadmill Complex Fund. Most leases are year-to-year and expire at various times throughout the fiscal year. However, there are four leases with terms extending beyond the end of the next fiscal year.

Lease revenues from these tenants in future fiscal years are as follows:

Fiscal Year Ending	Total Revenues
2013	740,839
2014	760,019
2015	760,019
2016	769,992
2017	789,939
2018-2022	1,356,565
2023-2027	60,000
2028-2030	32,000

NOTE 8. LONG-TERM DEBT

Primary Government

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Governmental activities:					
Capital leases	$ 40,794	$ 529,217	$ (19,989)	$ 550,022	$ 140,178
Compensated absences	97,435	108,982	(101,812)	104,605	26,151
Governmental activities: Long-term liabilities	$ 138,229	$ 638,199	$ (121,801)	$ 654,627	$ 166,329

NOTE 8. LONG-TERM DEBT (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Business-type activities:					
Revenue bonds	$ 5,205,000	$ -	$ (300,000)	$ 4,905,000	$ 315,000
Less unamortized loss on refunding	(30,756)	-	2,563	(28,193)	-
	5,174,244	-	(297,437)	4,876,807	315,000
Compensated absences	23,342	36,619	(30,842)	29,119	8,735
Business-type activities:					
Long-term liabilities	$ 5,197,586	$ 36,619	$ (328,279)	$ 4,905,926	$ 323,735

For governmental funds, compensated absences are liquidated by the General Fund from which employees' salaries are paid. For business-type activities, compensated absences are liquidated by the Threadmill Complex Fund, the Water and Sewer Fund, the Stormwater Fund, and the Solid Waste Fund from which employees' salaries are paid.

Capital Leases. The City has entered into lease agreements as lessee for financing the acquisition of various public safety and public works vehicles. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. As of June 30, 2012, the City had assets with a net book value of $686,413 under capital leases.

The City's total capital lease debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	
2013	$ 144,934
2014	123,281
2015	123,281
2016	85,719
Total minimum lease payments	477,215
Less amount representing interest	20,844
Present value of future minimum lease payments	456,371
Add amount of partial capital lease proceeds drawn down from escrow account not yet entered into repayment status as of fiscal year-end.	93,651
Total value of capital leases payable at fiscal year-end.	$ 550,022

NOTE 8. LONG-TERM DEBT (Continued)

Revenue Bonds – Threadmill Complex Fund. The Threadmill Complex Fund of the City has two series of bonds currently outstanding, the 2003A and 2003B series, which are as follows:

The 2003A bonds were originally issued for $4,590,000 bearing interest at a rate of 5.85% payable each February 1 and August 1 beginning 2004 through until 2024. The proceeds from the bonds were used for the purchase and refurbishing of the Threadmill building.

The 2003B bonds were originally issued for $2,415,000 bearing interest at a rate of 4.85% payable each February 1 and August 1 beginning 2004 through until 2024. The proceeds from the bonds were used for the purchase and refurbishing of the Threadmill building.

Revenue bonds currently outstanding mature as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	$ 315,000	$ 261,679	$ 576,679
2014	330,000	243,938	573,938
2015	345,000	225,369	570,369
2016	365,000	205,827	570,827
2017	380,000	185,311	565,311
2018-2022	2,160,000	586,777	2,746,777
2023-2024	1,010,000	56,296	1,066,296
Total	$ 4,905,000	$ 1,765,197	$ 6,670,197

Austell Natural Gas System

Long-term liability activity for the fiscal year ended July 31, 2012, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Revenue bonds	$ 8,045,000	$ -	$ (1,430,000)	$ 6,615,000	$ 1,495,000
Capital leases	128,237	-	(95,764)	32,473	32,473
Net OPEB obligation	59,977	46,163	(24,417)	81,723	-
Compensated absences	320,445	458,419	(439,877)	338,987	338,987
Total long-term liabilities	$ 8,553,659	$ 504,582	$ (1,990,058)	$ 7,068,183	$ 1,866,460

NOTE 8. LONG-TERM DEBT (Continued)

Revenue Bonds. The Austell Natural Gas System ("the System") has outstanding a 2000 Series, 2004 Series, and 2006 Series bonds, with original issue amounts of $4,000,000, $5,000,000, and $6,000,000, respectively. These three issues were made to finance the expansion and improvement of the gas utility plant and will be repaid through future revenues from the operation of the System. The bonds bear interest at a rate of 5.00-5.25%, 3.50%, and 4.02% annually. The bonds mature in 2012, 2015, and 2021, respectively.

The debt service requirements to maturity on the bonds payable are as follows:

Fiscal Year Ending July 31,	Principal	Interest	Total
2013	$ 1,495,000	$ 248,269	$ 1,743,269
2014	1,545,000	193,864	1,738,864
2015	1,600,000	137,631	1,737,631
2016	450,000	79,395	529,395
2017	465,000	61,305	526,305
2018-2021	1,060,000	68,541	1,128,541
Total	$ 6,615,000	$ 789,005	$ 7,404,005

Capital Leases. The System has entered into lease agreements as lessee for financing the acquisition of equipment used in the customer account billing and collection process. The lease agreements qualify as capital leases for accounting purposes (present value of minimum lease payments exceed ninety percent (90%) of the fair value of lease property) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. As of July 31, 2012, the System had $372,289 of equipment under capital leases.

The System's total capital lease debt service requirements to maturity are as follows:

	Austell Natural Gas System
Fiscal Year Ending July 31,	
2013	$ 33,539
Total minimum lease payments	33,539
Less amount representing interest	1,066
Present value of future minimum lease payments	$ 32,473

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances of the City as of June 30, 2012, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Cobb County SPLOST Fund	$ 318,813
General Fund	Multiple Grants Fund	753,321
Nonmajor governmental funds	General Fund	6,070
Austell Area Community Council Fund	General Fund	1,861
		$ 1,080,065

All interfund 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.

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Primary government - General Fund	Component Unit - Austell Natural Gas System	$ 2,292,379
		$ 2,292,379

At June 30, 2012, Austell Natural Gas System owed the primary government $2,292,379. However, the Gas System reported a payable of $2,432,322. The difference is a result of the Gas System's fiscal year-end being July 31, 2012 and reporting $139,943 of July 2012 fees due to the primary government.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Water & Sewer Fund	$ 207,709
Threadmill Complex Fund	General Fund	250,530
Multiple Grants Fund	General Fund	257,177
Nonmajor governmental funds	General Fund	151,462
General Fund	Nonmajor governmental funds	55,164
Nonmajor enterprise fund	General Fund	64,695
Stormwater Fund	General Fund	30,704
Water & Sewer Fund	Cobb County SPLOST Fund	1,863
		$ 1,019,304

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (3) use unrestricted revenues of the General Fund to cover the operational shortfalls of the other funds, and (4) move cash from capital project funds to pay for debt service of other funds used to advance the construction costs of capital projects.

NOTE 10. PENSION PLANS

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Austell 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.

NOTE 10. PENSION PLANS (Continued)

As provided by State law, benefit provisions for Participants in GMEBS are established by the respective employers. As authorized by the City Council, the Plan provides pension benefits and death and disability benefits for Plan members and beneficiaries. All employees, excluding elected officials, who work thirty hours or more 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 2.25% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he or she 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 $41 for each year of service after reaching normal retirement age.

At January 1, 2012, the date of the most recent actuarial valuation, there were 140 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	24
Terminated vested participants not yet receiving benefits	28
Active employees - vested	67
Active employees - nonvested	21
Total	140

Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets State minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2012, the actuarially determined contribution rate was 9.84% of covered payroll.

NOTE 10. PENSION PLANS (Continued)

Funding Policy (Continued)

For fiscal year 2012, the City's recommended contribution was $320,778. Actual contributions totaled $320,778. The recommended contribution was determined as part of the January 1, 2011 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include a 7.75% rate of return on investments and projected salary increases of 3.5% based on age and years of service. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are closed for this Plan year. The actuarial value of the Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten year period.

The following is a schedule of funding progress:

Most Recent Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
1/1/2012	$ 6,237,216	$ 6,622,961	$ 385,745	94.18 %	$ 3,423,593	11.27 %

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

NOTE 10. PENSION PLANS (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2011 (actuarial evaluation date applicable for fiscal year June 30, 2012).

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2012	$ 320,778	$ 320,778	100 %	$ -
2011	347,439	347,439	100	-
2010	443,707	443,707	100	-

NOTE 11. DEFERRED COMPENSATION PLAN

The City of Austell, Georgia offers its employees an Internal Revenue Code Section 457 Plan (the "Plan") which is a deferred compensation plan that qualifies as a defined contribution pension plan. The Plan is administered by a third party administrator, The Hartford. The City has no fiduciary relationship with the Trust. Accordingly, the Plan assets are not reported in the City's financial statements. Plan provisions and contribution requirements are established and may be amended by the City's Mayor and Council. At June 30, 2012, there were 17 plan members, in the respective plans.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plans. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the fiscal year ended June 30, 2012 were $48,485.

NOTE 12. JOINT VENTURE

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

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the State as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, 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 funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost 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 the coverages in the past three (3) fiscal years.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the past three (3) fiscal years.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation:

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

NOTE 14. COMMITMENTS AND CONTINGENCIES (Continued)

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, management of the City believes such disallowances, if any, will not be significant.

NOTE 15. HOTEL/MOTEL LODGING TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 8%. Revenues were $3,181 for the fiscal year ended June 30, 2012. Of this amount 64.4%, or $2,049, was remitted to the Cobb-Marietta Coliseum and Exhibit Hall Authority as is contractually obligated. The receipts from the City, less 35.6% are pledged as a revenue source for debt service requirements of the Authority. Of the amount remitted to the Authority, the City will obtain a reimbursement of 40%.

The City expended $4,673, including the amount remitted to the Cobb-Marietta Coliseum and Exhibit Hall Authority, during the current fiscal year to promote tourism, conventions, and trade shows to operate, maintain, and market a community auditorium or theater as required by O.C.G.A. 48-13-51.

NOTE 16. FUND DEFICITS

At June 30, 2012, the City's Public Assistance Grant Fund reported a deficit fund balance of $63,060. The fund deficit of this fund will be reduced through General Fund appropriations and grant revenues.

NOTE 17. SUBSEQUENT EVENT

During August 2012, the City of Austell, Georgia leased a fire truck with an original purchase cost of $450,229. Repayment of the lease/purchase will be one (1) annual payment of $112,500 followed by three (3) annual payments of $122,043.

CITY OF AUSTELL, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2012	$ 6,237,216	$ 6,622,961	$ 385,745	94.2%	$ 3,423,593	11.27%
1/1/2011	5,756,311	6,065,523	309,212	94.9%	3,204,441	9.65%
1/1/2010	5,191,310	5,717,037	525,727	90.8%	3,470,671	15.15%
7/1/2009	4,007,363	6,419,208	2,411,845	62.4%	3,470,671	69.49%
7/1/2008	4,991,606	5,747,715	756,109	86.8%	3,293,863	22.96%
7/1/2007	4,530,193	5,228,652	698,459	86.6%	3,010,253	23.20%

See assumptions used and disclosed in Note 10 to the financial statements.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF AUSTELL, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt services or capital projects.

Confiscated Assets Fund – To account for the City's share of excess funds received from confiscated capital and equipment. Georgia law allows police agencies to file for seizure of property related to illegal substances or activities. These funds must be used to purchase police equipment.

Emergency Telephone System Fund – Established in compliance with State law to account for the receipt of the "911" Emergency Telephone System charges collected by communication firms. This revenue is used to offset the costs of operating the "911" system.

Public Assistance Grant Fund – To account for restricted grant monies received from various Federal and State agencies as a result of substantial flood damage to the City.

Hotel/Motel Tax Fund – Established to account for the collection of an 8% excise tax on charges for hotel/motel accommodations in the City. This levy is required by State law to promote tourism, conventions, trade shows, and other related purposes. 62.5% is remitted to the Cobb-Marietta Coliseum and Exhibit Hall Authority as is contractually obligated. The receipts from the City, less 37.5% are pledged as a revenue source for the debt service requirements of the Authority. Of the amount remitted to the Authority, the City will obtain a reimbursement of 40%.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources restricted, committed, or assigned to expenditure for the acquisition or construction of capital assets.

Douglas County SPLOST Fund – To account for the acquisition and construction of major park improvements that were approved by the voters of Douglas County, Georgia through the special purpose local option tax referendum.

CITY OF AUSTELL, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

ASSETS	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Emergency Telephone System Fund	Public Assistance Grant Fund	Hotel/Motel Tax Fund	Douglas County SPLOST Fund	
Cash and cash equivalents	$ 29,483	$ 39,260	$ -	$ 232	$ 5,321	$ 74,296
Accounts receivable	-	16,797	-	-	-	16,797
Taxes receivable	-	-	-	346	-	346
Due from other governments	-	-	50,230	-	-	50,230
Due from other funds	-	-	-	6,070	-	6,070
Prepaid items	-	20,664	-	-	-	20,664
Total assets	$ 29,483	$ 76,721	$ 50,230	$ 6,648	$ 5,321	$ 168,403
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ 113,290	$ 686	$ -	$ 113,976
Accrued liabilities	-	2,817	-	-	-	2,817
Deferred revenue	21,888	-	-	-	-	21,888
Total liabilities	21,888	2,817	113,290	686	-	138,681
FUND BALANCES (DEFICITS)						
Nonspendable for:						
Prepaid items	-	20,664	-	-	-	20,664
Restricted for:						
Capital construction	-	-	-	-	5,321	5,321
Law enforcement activities	7,595	-	-	-	-	7,595
Public safety activities	-	53,240	-	-	-	53,240
Tourism and economic development	-	-	-	5,962	-	5,962
Unassigned (deficits)	-	-	(63,060)	-	-	(63,060)
Total fund balances (deficits)	7,595	73,904	(63,060)	5,962	5,321	29,722
Total liabilities and fund balances	$ 29,483	$ 76,721	$ 50,230	$ 6,648	$ 5,321	$ 168,403

CITY OF AUSTELL, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue Funds				Capital Projects Fund	
	Confiscated Assets Fund	Emergency Telephone System Fund	Public Assistance Grant Fund	Hotel/Motel Tax Fund	Douglas County SPLOST Fund	Total Nonmajor Governmental Funds
REVENUES						
Taxes	$ -	$ -	$ -	$ 3,181	$ -	$ 3,181
Intergovernmental	-	-	15,646	517	-	16,163
Charges for services	-	113,218	-	-	-	113,218
Fines and forfeitures	1,640	-	-	-	-	1,640
Interest	-	553	-	-	9	562
Total revenues	1,640	113,771	15,646	3,698	9	134,764
EXPENDITURES						
Current						
Public safety	357	497,387	-	-	-	497,744
Tourism and economic development	-	-	-	4,673	-	4,673
Culture and recreation	-	-	-	-	48	48
Total expenditures	357	497,387	-	4,673	48	502,465
Excess (deficiency) of revenues over (under) expenditures	1,283	(383,616)	15,646	(975)	(39)	(367,701)
Other financing sources						
Transfers in	-	151,462	-	-	-	151,462
Transfers out	-	-	(55,164)	-	-	(55,164)
Total other financing sources	-	151,462	(55,164)	-	-	96,298
Net change in fund balances	1,283	(232,154)	(39,518)	(975)	(39)	(271,403)
FUND BALANCES (DEFICIT), beginning of fiscal year	6,312	306,058	(23,542)	6,937	5,360	301,125
FUND BALANCES (DEFICIT), end of fiscal year	$ 7,595	$ 73,904	$ (63,060)	$ 5,962	$ 5,321	$ 29,722

CITY OF AUSTELL, GEORGIA
CONFISCATED ASSETS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 5,000	$ 5,000	$ 1,640	$ (3,360)
Total revenue	5,000	5,000	1,640	(3,360)
EXPENDITURES				
Public safety	5,000	5,000	357	4,643
Total expenditures	5,000	5,000	357	4,643
Excess of revenues over expenditures	-	-	1,283	1,283
Net change in fund balances	-	-	1,283	1,283
FUND BALANCES, beginning of fiscal year	6,312	6,312	6,312	-
FUND BALANCES, end of fiscal year	$ 6,312	$ 6,312	$ 7,595	$ 1,283

CITY OF AUSTELL, GEORGIA
EMERGENCY TELEPHONE SYSTEM FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 124,000	$ 124,000	$ 113,218	$ (10,782)
Interest income	200	200	553	353
Total revenue	124,200	124,200	113,771	(10,429)
EXPENDITURES				
Public safety	588,332	588,332	497,387	90,945
Total expenditures	588,332	588,332	497,387	90,945
Excess (deficiency) of revenues over (under) expenditures	(464,132)	(464,132)	(383,616)	80,516
OTHER FINANCING SOURCES				
Transfers in	464,132	464,132	151,462	(312,670)
Total other financing sources (uses)	464,132	464,132	151,462	(312,670)
Net change in fund balances	-	-	(232,154)	(232,154)
FUND BALANCES, beginning of fiscal year	306,058	306,058	306,058	-
FUND BALANCES, end of fiscal year	$ 306,058	$ 306,058	$ 73,904	$ (232,154)

CITY OF AUSTELL, GEORGIA
PUBLIC ASSISTANCE GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ -	$ -	$ 15,646	$ 15,646
Total revenue	-	-	15,646	15,646
EXPENDITURES				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	15,646	15,646
OTHER FINANCING USES				
Transfers out	-	-	(55,164)	(55,164)
Net change in fund balances	-	-	(39,518)	(39,518)
FUND BALANCES (DEFICITS), beginning of fiscal year	(23,542)	(23,542)	(23,542)	-
FUND BALANCES (DEFICITS), end of fiscal year	$ (23,542)	$ (23,542)	$ (63,060)	$ (39,518)

CITY OF AUSTELL, GEORGIA
HOTEL/MOTEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 3,200	$ 3,200	$ 3,181	$ (19)
Intergovernmental	-	-	517	517
Total revenue	3,200	3,200	3,698	498
EXPENDITURES				
Tourism and economic development	3,200	3,200	4,673	(1,473)
Total expenditures	3,200	3,200	4,673	(1,473)
Net change in fund balances	-	-	(975)	(975)
FUND BALANCES, beginning of fiscal year	6,937	6,937	6,937	-
FUND BALANCES, end of fiscal year	$ 6,937	$ 6,937	$ 5,962	$ (975)

CITY OF AUSTELL, GEORGIA

COBB COUNTY SPLOST CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Sales and excise taxes	$ 753,866	$ 753,866	$ 812,999	$ 59,133
Interest income	-	-	2,722	2,722
Total revenue	753,866	753,866	815,721	61,855
EXPENDITURES				
Public safety	87,606	87,606	98,626	(11,020)
Public works	520,256	520,256	541,752	(21,496)
Culture and recreation	146,004	146,004	195,473	(49,469)
Total expenditures	753,866	753,866	835,851	(81,985)
Deficiency of revenues under expenditures	-	-	(20,130)	(20,130)
Other financing sources (uses)				
Capital leases	-	-	529,217	529,217
Transfers out	-	-	(1,863)	(1,863)
Total other financing sources (uses)	-	-	527,354	527,354
Net change in fund balances	-	-	507,224	507,224
FUND BALANCES, beginning of fiscal year	1,220,617	1,220,617	1,220,617	-
FUND BALANCES, end of fiscal year	$ 1,220,617	$ 1,220,617	$ 1,727,841	$ 507,224

CITY OF AUSTELL, GEORGIA

AUSTELL AREA COMMUNITY COUNCIL CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest income	$ -	$ 80,000	$ 44,270	$ (35,730)
Total revenue	-	80,000	44,270	(35,730)
EXPENDITURES				
General government	-	80,000	81,160	(1,160)
Capital outlay	-	-	1,942	(1,942)
Total expenditures	-	80,000	83,102	(3,102)
Net change in fund balances	-	-	(38,832)	(38,832)
FUND BALANCES, beginning of fiscal year	5,519,145	5,519,145	5,519,145	-
FUND BALANCES, end of fiscal year	$ 5,519,145	$ 5,519,145	$ 5,480,313	$ (38,832)

CITY OF AUSTELL, GEORGIA
DOUGLAS COUNTY SPLOST CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ -	$ -	$ 9	$ 9
Total revenue	-	-	9	9
EXPENDITURES				
Culture and recreation	-	-	48	(48)
Total expenditures	-	-	48	(48)
Net change in fund balances	-	-	(39)	(39)
FUND BALANCES, beginning of fiscal year	5,360	5,360	5,360	-
FUND BALANCES, end of fiscal year	$ 5,360	$ 5,360	$ 5,321	$ (39)

CITY OF AUSTELL, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Douglas County Special Purpose Local Option Sales Tax	Estimated Cost		Expenditures		
Project	Original (1)	Revised (1)	Prior Fiscal Years	Current Fiscal Year	Total
Park improvements	$ 522,094	$ 522,094	$ 564,337	$ -	$ 564,337
Administrative charges	-	-	98	48	146
	$ 522,094	$ 522,094	$ 564,435	$ 48	$ 564,483

(1) Unaudited

CITY OF AUSTELL, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cobb County Special Purpose Local Option Sales Tax	Estimated Cost		Expenditures		
Project	Original (1)	Revised (1)	Prior Fiscal Years	Current Fiscal Year	Total
Roads, streets, curbs, gutters, and sidewalks	$ 5,540,132	$ 5,540,132	$ 671,003	$ 837,714	$ 1,508,717
Public safety radio system	160,334	160,334	156,742	-	156,742
Administrative charges	-	-	8	-	8
	$ 5,700,466	$ 5,700,466	$ 827,753	$ 837,714	$ 1,665,467

Reconciliation of the Schedule of Projects Constructed with Special Sales Tax Proceeds to the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

Capital outlay	$ 835,851
Transfers out (2)	1,863
Total	$ 837,714

(1) Unaudited

(2) The transfer out from the SPLOST Fund to the Water and Sewer Fund was for capital projects undergone around the City during the current fiscal year in accordance with the SPLOST Referendum.

STATISTICAL SECTION

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

Page

Financial Trends **63**

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

Revenue Capacity **70**

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

Debt Capacity **76**

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

Demographic and Economic Information **81**

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

Operating Information **84**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City 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 fiscal year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that fiscal year. GASB Statement number 54 established a hierarchy of fund balance classifications based primarily on the extent to which governments are bound by constraints placed on resources. The effective date for implementation of GASB 54 was for periods beginning after June 15, 2010, presentation for fiscal years 2002-2010 are prior to the implementation of GASB Statement No. 54. Fiscal year 2011 was the first fiscal year of implementation for GASB Statement No. 54.

SCHEDULE 1
CITY OF AUSTELL, GEORGIA
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS (1)
(Accrual Basis of Accounting)

	Fiscal Year								
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Governmental activities									
Invested in capital assets, net of related debt	$ 3,614,889	$ 4,800,935	$ 6,466,051	$ 7,178,213	$ 7,688,533	$ 8,053,182	$ 8,005,695	$ 8,262,097	$ 8,110,670
Restricted	(922,291)	102,741	280,049	551,645	749,840	678,812	845,779	7,051,332	7,290,614
Unrestricted	6,252,375	8,976,714	10,341,070	9,338,626	10,459,475	10,227,220	10,566,154	3,971,920	3,325,569
Total governmental activities net assets	$ 8,944,973	$ 13,880,390	$ 17,087,170	$ 17,068,484	$ 18,897,848	$ 18,959,214	$ 19,417,628	$ 19,285,349	$ 18,726,853
Business-type activities									
Invested in capital assets, net of related debt	1,964,779	3,252,552	3,998,010	4,635,570	4,619,036	4,782,570	4,640,975	4,460,100	4,263,346
Restricted		254,841	257,873	265,848	276,348	-	-	-	-
Unrestricted	2,632,212	628,080	(581,646)	265,675	207,603	628,521	612,618	645,141	882,643
Total business-type activities net assets	4,596,991	4,135,473	3,674,237	5,167,093	5,102,987	5,411,091	5,253,593	5,105,241	5,145,989
Primary government									
Invested in capital assets, net of related debt	5,579,668	8,053,487	10,464,061	11,813,783	12,307,569	12,835,752	12,646,670	12,722,197	12,374,016
Restricted for capital projects	4,332,826	5,723,392	537,922	817,493	1,026,188	678,812	845,779	7,051,332	7,290,614
Unrestricted	3,629,470	4,238,984	9,759,424	9,604,301	10,667,078	10,855,741	11,178,772	4,617,061	4,208,212
Total primary government net assets	$ 13,541,964	$ 18,015,863	$ 20,761,407	$ 22,235,577	$ 24,000,835	$ 24,370,305	$ 24,671,221	$ 24,390,590	$ 23,872,842

Source: City's comprehensive annual financial reports for each applicable fiscal year.
(1) Government-wide financial information is only available since 2004, therefore only nine (9) fiscal years of information is presented.

SCHEDULE 2
CITY OF AUSTELL, GEORGIA
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS (1)
(Accrual Basis of Accounting)

	Fiscal Year								
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Program Expenses									
Governmental activities	$ 5,479,480	$ 6,058,290	$ 5,863,327	$ 6,303,184	$ 6,636,983	$ 7,131,280	$ 7,901,982	$ 8,119,091	$ 7,314,897
Business-type activities	4,100,429	3,825,671	4,257,452	4,201,914	3,930,461	4,485,555	5,060,291	4,945,651	5,321,028
Total primary government program expenses	9,579,909	9,883,961	10,120,779	10,505,098	10,567,444	11,616,835	12,962,273	13,064,742	12,635,925
Program Revenues									
Governmental activities	1,515,493	1,379,245	2,357,017	1,599,148	1,399,687	1,277,092	1,764,613	2,719,112	2,243,764
Business-type activities	3,171,308	3,932,723	3,687,520	3,986,181	3,945,604	4,109,301	4,755,501	4,600,647	5,221,338
Total primary government program revenues	4,686,801	5,311,968	6,044,537	5,585,329	5,345,291	5,386,393	6,520,114	7,319,759	7,465,102
Net (Expense) Revenue									
Governmental activities	(3,963,987)	(4,679,045)	(3,506,310)	(4,704,036)	(5,237,296)	(5,854,188)	(6,137,369)	(5,399,979)	(5,071,133)
Business-type activities	(929,121)	107,052	(569,932)	(215,733)	15,143	(376,254)	(304,790)	(345,004)	(99,690)
Total primary government net expense	(4,893,108)	(4,571,993)	(4,076,242)	(4,919,769)	(5,222,153)	(6,230,442)	(6,442,159)	(5,744,983)	(5,170,823)
General Reveneus									
Governmental activities	5,183,945	5,950,455	6,713,090	4,685,350	7,066,660	5,915,554	6,595,783	5,267,700	4,512,637
Business-type activities	218,585	(481,733)	108,696	1,708,589	(79,249)	684,358	147,292	196,652	140,438
Total primary government	5,402,530	5,468,722	6,821,786	6,393,939	6,987,411	6,599,912	6,743,075	5,464,352	4,653,075
Change in Net Assets									
Governmental activities	1,219,958	1,271,410	3,206,780	(18,686)	1,829,364	61,366	458,414	(132,279)	(558,496)
Business-type activities	(710,536)	(374,681)	(461,236)	1,492,856	(64,106)	308,104	(157,498)	(148,352)	40,748
Total primary government	$ 509,422	$ 896,729	$ 2,745,544	$ 1,474,170	$ 1,765,258	$ 369,470	$ 300,916	$ (280,631)	$ (517,748)

Source: City's comprehensive annual financial reports for each applicable fiscal year.
(1) Government-wide financial information is only available since 2004, therefore only nine (9) fiscal years of information is presented.

SCHEDULE 3
CITY OF AUSTELL, GEORGIA
GOVERNMENT-WIDE EXPENSES
LAST NINE FISCAL YEARS (1)
(Accrual Basis of Accounting)

	Fiscal Year								
	2004	**2005**	**2006**	**2007**	**2008 (1) (2) (3) (4)**	**2009**	**2010**	**2011**	**2012**
Governmental Activities:									
General government	$ 404,511	$ 633,071	$ 671,671	$ 647,899	$ 744,984	$ 888,240	$ 1,525,256	$ 1,718,896	$ 807,178
Judicial	-	-	-	-	-	-	137,650	174,291	166,459
Public safety	3,467,067	3,646,926	3,797,687	4,101,953	4,271,174	4,385,022	4,157,890	4,236,875	3,920,602
Public works	674,672	1,088,348	641,166	795,335	844,996	962,216	1,272,445	1,806,147	1,763,851
Solid Waste Management	-	-	-	-	110,040	99,908	6,754	1,706	72
Health and welfare	90,586	49,489	42,276	43,097	-	-	-	-	-
Culture and recreation	604,341	448,334	559,716	538,052	600,635	693,455	713,925	89,615	600,637
Tourism and economic development	-	-	-	-	3,398	2,934	3,090	4,888	4,673
Housing and development	228,029	189,905	132,379	165,942	38,607	88,779	78,286	79,340	49,761
Interest on long-term debt	10,274	2,217	18,432	10,906	23,149	10,726	6,686	7,333	1,664
Total Governmental Activities	5,479,480	6,058,290	5,863,327	6,303,184	6,636,983	7,131,280	7,901,982	8,119,091	7,314,897
Business-Type Activities:									
Threadmill Complex	1,239,367	1,240,884	1,601,017	1,459,273	1,385,098	1,431,768	1,386,394	1,373,794	1,408,770
Water and sewer	2,861,062	2,584,787	2,656,435	2,742,641	2,545,363	3,053,787	3,177,074	3,125,881	3,472,137
Stormwater	-	-	-	-	-	-	378,725	304,530	290,936
Solid waste	-	-	-	-	-	-	118,098	141,446	149,185
Total Business-Type Activities	4,100,429	3,825,671	4,257,452	4,201,914	3,930,461	4,485,555	5,060,291	4,945,651	5,321,028
Total Government-Wide Expenses	$ 9,579,909	$ 9,883,961	$ 10,120,779	$ 10,505,098	$ 10,567,444	$ 11,616,835	$ 12,962,273	$ 13,064,742	$ 12,635,925

Source: City's comprehensive annual financial reports for each applicable fiscal year.
(1) Government-wide financial information is only available since 2004, therefore only nine (9) fiscal years of information is presented.
(2) During fiscal year 2008, the City began reporting its solid waste management activities separate from its public works activities.
(3) During fiscal year 2008, the City also began recording expenditures previously recorded under health and welfare as General government expenditures.
(4) During fiscal year 2008, the City began reporting its tourism and economic development activities separate from its general government activities.

SCHEDULE 4
CITY OF AUSTELL, GEORGIA
GOVERNMENT-WIDE PROGRAM REVENUES
LAST NINE FISCAL YEARS (1)
(Accrual Basis of Accounting)

	Fiscal Year								
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Governmental Activities:									
Charges for services:									
General government	$ 630,906	$ 23,767	$ 53,789	$ 62,986	$ -	$ -	$ 55,821	$ 3,675	$ 5,938
Judicial	-	-	-	-	-	-	660,810	437,067	526,675
Public safety	110,014	722,435	697,378	832,195	727,633	733,632	117,046	136,493	123,571
Public works	83,470	78,794	79,510	78,202	-	-	64,381	21,513	18,942
Solid waste management	-	-	-	-	80,009	89,693	2,898	4,056	3,758
Culture and recreation	3,980	-	-	-	50,917	64,892	-	-	-
Housing and development	-	51,943	43,175	57,634	24,455	14,335	-	-	-
Operating grants and contributions	595,909	48,781	78,437	76,054	89,830	81,138	293,258	548,637	16,222
Capital grants and contributions	91,214	453,525	1,404,728	492,077	426,843	293,402	570,399	1,567,671	1,548,658
Total Governmental Activities	1,515,493	1,379,245	2,357,017	1,599,148	1,399,687	1,277,092	1,764,613	2,719,112	2,243,764
Business-Type Activities:									
Charges for services:									
Threadmill Complex	422,363	1,017,659	980,040	1,022,369	1,120,973	1,116,053	1,045,701	1,078,585	1,120,537
Water and Sewer	2,748,945	2,715,064	2,707,480	2,906,312	2,824,631	2,993,248	3,592,244	3,268,623	3,679,283
Stormwater	-	-	-	-	-	-	34,719	171,224	337,877
Solid Waste	-	-	-	-	-	-	82,837	82,215	83,641
Capital grants and contributions	-	200,000	-	57,500	-	-	-	-	-
Total Business-Type Activities	3,171,308	3,932,723	3,687,520	3,986,181	3,945,604	4,109,301	4,755,501	4,600,647	5,221,338
Total Government-Wide Program Revenues	$ 4,686,801	$ 5,311,968	$ 6,044,537	$ 5,585,329	$ 5,345,291	$ 5,386,393	$ 6,520,114	$ 7,319,759	$ 7,465,102

Source: City's comprehensive annual financial reports for each applicable fiscal year.
(1) Government-wide financial information is only available since 2004, therefore only nine (9) fiscal years of information is presented.

SCHEDULE 5
CITY OF AUSTELL, GEORGIA
GENERAL AND OTHER REVENUES
LAST NINE FISCAL YEARS (1)
(Accrual Basis of Accounting)

	Fiscal Year								
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Governmental activities:									
Taxes									
Property Taxes	$ 737,611	$ 540,875	$ 673,147	$ 618,953	$ 688,309	$ 709,691	$ 706,063	$ 588,691	$ 585,391
Sales and Use Taxes	213,660	202,629	267,070	486,437	544,844	400,115	48,270	49,723	55,388
Franchise taxes and ownership fees	3,431,749	3,826,347	5,083,536	4,423,436	4,896,159	4,700,934	5,033,139	4,002,266	3,780,532
Other Taxes	342,662	328,916	538,957	530,417	543,263	555,630	543,458	523,631	137,457
Penalties and Interest	10,035	1,867	762	6,926	3,439	11,927	3,770	16,446	2,321
Unrestricted investment earnings	247,933	205,282	234,663	282,358	304,526	213,824	127,806	12,060	4,253
Miscellaneous	200,295	352,955	12,209	33,848	-	630	161,309	264,452	73,275
Gain on sale of capital assets	-	-	-	-	-	-	116,243	-	14,103
Transfers	-	-	(97,254)	(1,697,025)	86,120	(677,197)	(144,275)	(189,569)	(140,083)
Total Governmental Activities	5,183,945	5,458,871	6,713,090	4,685,350	7,066,660	5,915,554	6,595,783	5,267,700	4,512,637
Business-type activities:									
Unrestricted investment earnings	13,391	9,851	11,442	11,564	6,871	7,161	3,017	7,083	355
Miscellaneous	205,194	-	-	-	-	-	-	-	-
Transfers	-	-	97,254	1,697,025	(86,120)	677,197	144,275	189,569	140,083
Total Business-type Activities	218,585	9,851	108,696	1,708,589	(79,249)	684,358	147,292	196,652	140,438
Total Government-Wide General and Other Revenues	$ 5,402,530	$ 5,468,722	$ 6,821,786	$ 6,393,939	$ 6,987,411	$ 6,599,912	$ 6,743,075	$ 5,464,352	$ 4,653,075

Source: City's comprehensive annual financial reports for each applicable fiscal year.
(1) Government-wide financial information is only available since 2004, therefore only nine (9) fiscal years of information is presented.

SCHEDULE 6
CITY OF AUSTELL, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	$ 30,960	$ 47,367	$ 40,981	$ 55,747	$ 241,367	$ 256,249	$ 364,276	$ 232,944		
Unreserved	(1,230,678)	830,149	3,618,450	3,081,035	3,357,429	4,117,783	3,967,587	4,383,560		
Total General Fund	$ (1,199,718)	$ 877,516	$ 3,659,431	$ 3,136,782	$ 3,598,796	$ 4,374,032	$ 4,331,863	$ 4,616,504		
All Other Governmental Funds										
Reserved	$ -	$ 3,201	$ 102,741	$ 280,049	$ 555,307	$ 760,094	$ 712,924	$ 14,903		
Unreserved, reported in:										
Special revenue funds	(292,948)	(515,828)	(57,408)	(180,669)	35,525	182,184	107,249	190,472		
Capital projects funds	4,173,659	4,845,454	5,298,280	5,000,332	5,635,206	5,727,406	5,731,118	6,528,570		
Total all other governmental funds	$ 3,880,711	$ 4,332,827	$ 5,343,613	$ 5,099,712	$ 6,226,038	$ 6,669,684	$ 6,551,291	$ 6,733,945		
General Fund										
Nonspendable for:										
Prepaid items									$ 89,245	$ 133,649
Inventory									5,187	-
Assigned									32,302	-
Unassigned									3,906,885	3,170,763
Total General Fund									$ 4,033,619	$ 3,304,412
All Other Governmental Funds										
Nonspendable for:										
Prepaid items									$ 13,097	$ 20,664
Restricted for:										
Capital construction									6,745,122	7,223,817
Law enforcement activities									6,312	7,595
Public safety activities									292,961	53,240
Tourism and economic development									6,937	5,962
Unassigned									(114,255)	(63,060)
Total all other governmental funds									$ 6,950,174	$ 7,248,218

Source: City's comprehensive annual financial reports for each applicable fiscal year.

Note: Beginning for fiscal year 2011, fund balance is reported under categories using the classifications provided by GASB Statement No. 54.

SCHEDULE 7
CITY OF AUSTELL, GEORGIA
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	$ 3,879,037	$ 4,197,801	$ 4,571,191	$ 3,936,139	$ 7,996,861	$ 6,630,481	$ 6,392,321	$ 6,297,590	$ 5,184,197	$ 4,529,825
Licenses and permits	182,215	340,053	395,745	411,117	445,045	24,455	14,335	66,212	23,344	22,550
Fines and forfeitures	646,936	622,848	603,044	591,432	716,700	573,250	567,212	660,810	437,067	526,675
Charges for services	160,850	205,522	204,052	192,149	207,774	225,598	255,588	173,934	142,393	129,659
Intergovernmental	194,363	245,646	173,506	1,445,749	568,922	438,042	244,025	861,803	2,026,232	1,517,312
Investment earnings	217,151	247,933	205,282	234,665	282,919	304,525	216,014	129,056	96,358	51,245
Penalties and interest	-	10,035	1,867	762	-	3,436	11,927	-	-	-
Contributions and donations	505,360	-	360,000	1,538	3,460	1,070	550	604	2,018	576
Miscellaneous	94,718	641,772	60,157	57,764	85,853	59,712	68,637	161,309	264,452	73,275
Total Revenues	5,880,630	6,511,610	6,574,844	6,871,315	10,307,534	8,260,569	7,770,609	8,351,318	8,176,061	6,851,117
Expenditures										
Current -										
General government	451,056	376,556	605,935	649,922	598,144	669,486	796,164	1,521,556	1,423,125	783,171
Public safety	2,510,114	3,200,182	3,856,184	3,456,995	3,724,608	3,891,797	3,956,609	3,989,979	4,056,127	3,797,004
Judicial	110,188	127,211	126,724	138,145	150,763	151,108	149,780	137,645	174,265	166,459
Public works	372,886	560,748	1,066,161	772,453	784,028	713,133	791,490	1,243,849	1,812,906	2,018,153
Solid waste management	-	-	-	-	-	110,040	102,674	6,754	1,706	72
Health and welfare	-	79,971	53,014	42,276	43,097	-	-	-	-	-
Tourism and economic development	-	-	-	-	-	5,044	2,934	3,090	4,888	4,673
Culture and recreation	841,244	611,186	526,761	625,733	465,344	523,705	583,853	676,223	660,151	843,309
Housing and development	31,541	736,674	131,033	73,505	107,068	42,006	93,977	78,286	79,340	49,761
Capital Outlay	1,988,157	763,951	461,697	1,782,049	1,153,925	1,156,909	580,624	245,472	60,172	1,942
Debt Service -										
Principal	53,729	10,274	206,523	196,818	238,836	149,121	175,550	144,309	123,135	19,989
Interest			2,217	13,419	11,014	13,457	20,320	11,690	7,333	1,664
Bond issue costs	491	-	-	-	-	-	-	-	-	-
Total Expenditures	6,359,406	6,466,753	7,036,249	7,751,315	7,276,827	7,425,806	7,253,975	8,058,853	8,403,148	7,686,197
Excess (deficiency) of revenues over (under) expenditures	(478,776)	44,857	(461,405)	(880,000)	3,030,707	834,763	516,634	292,465	(227,087)	(835,080)
Other financing sources (uses)										
Proceeds from long-term debt	-	513,030	513,030	113,450	242,434	298,000	-	60,000	-	529,217
Proceeds from sale of capital assets		567,615	567,615	-	12,225	-	-	259,105	50,000	14,783
Transfers in	-	2,938,247	2,938,247	-		86,120	-	1,045,577	1,043,978	671,512
Transfers out	-	(2,446,663)	(2,446,663)	-	(1,697,026)	-	(677,197)	(1,189,852)	(1,233,547)	(811,595)
Total other financing sources (uses)	-	1,572,229	1,572,229	113,450	(1,442,367)	384,120	(677,197)	174,830	(139,569)	403,917
Net Change in Fund Balance	$ (478,776)	$ 1,617,086	$ 1,110,824	$ (766,550)	$ 1,588,340	$ 1,218,883	$ (160,563)	$ 467,295	$ (366,656)	$ (431,163)
Debt Service as a Percentage of Noncapital Expenditures	1.24%	0.18%	3.31%	3.68%	4.29%	2.66%	3.02%	2.04%	1.59%	0.28%

Source: City's comprehensive annual financial reports for each applicable fiscal year.

SCHEDULE 8
CITY OF AUSTELL, GEORGIA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
Modified Accrual Basis

FISCAL YEAR ENDED JUNE 30,	Taxes (2)	Licenses and Permits	Inter-Governmental	Charges for Service	Fines and Forfeitures	Interest Income	Contributions and Donations from Private	Miscellaneous	Total
2003	$ 3,879,037	$ 182,215	$ 194,363	$ 160,850	$ 646,936	$ 217,151	$ 505,360	$ 94,718	$ 5,880,630
2004	4,197,801	340,053	187,123	205,522	632,883	247,933	-	700,295	6,511,610
2005	4,897,093	69,843	173,506	204,052	604,911	205,282	360,000	60,157	6,574,844
2006	3,936,139	411,117	1,445,749	192,149	591,432	234,665	1,538	58,526	6,871,315
2007	8,383,903	58,003	568,922	207,774	716,700	282,919	3,460	85,853	10,307,534
2008	6,633,917	24,455	438,042	225,598	573,250	304,525	1,070	59,712	8,260,569
2009	6,404,248	14,335	244,025	255,588	567,212	216,014	550	68,637	7,770,609
2010	6,297,590	66,212	861,803	173,934	660,810	129,056	604	161,309	8,351,318
2011	5,184,197	23,344	2,026,232	142,393	437,067	96,358	2,018	264,452	8,176,061
2012	4,529,825	22,550	1,517,312	129,659	526,675	51,245	576	73,275	6,851,117

Source: City's comprehensive annual financial reports for each applicable fiscal year.
(1) General Fund, Special Revenue Funds, and Capital Project Funds.
(2) Includes ownership fees received from Austell Natural Gas System.

SCHEDULE 9
CITY OF AUSTELL, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Tax Year/Fiscal Year	Residential Property	Commercial Property	Industrial Property	Mobile Home	Motor Vehicle Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2002/2003	$ 38,821,995	$ 43,838,259	$ 16,099,946	$ 285,719	$ 11,641,756	$ 2,797,389	$ 107,890,286	3.36
2003/2004	62,007,829	43,331,817	15,283,064	288,973	12,207,710	2,799,997	130,319,396	3.12
2004/2005	69,908,322	46,768,671	16,164,691	309,570	12,889,060	3,022,474	143,017,840	3.12
2005/2006	74,863,412	52,715,227	16,816,372	302,853	12,299,290	3,370,683	153,626,471	3.12
2006/2007	107,663,473	52,345,181	16,296,254	295,254	11,778,650	3,419,843	184,958,969	3.12
2007/2008	123,962,544	54,102,378	16,344,483	311,040	13,514,780	4,848,014	203,387,211	3.12
2008/2009	131,719,176	54,773,866	19,245,151	288,062	14,330,130	5,144,278	215,212,107	3.12
2009/2010	92,574,253	55,725,122	34,500,679	256,036	12,103,030	4,172,299	190,986,821	3.12
2010/2011	78,992,107	50,992,334	37,464,575	231,216	11,479,580	3,604,271	175,555,541	3.12
2011/2012	69,018,830	43,699,336	33,365,118	221,181	11,719,690	2,792,738	155,231,417	4.00

Source: Cobb County Tax Assessor

Note: Property is assessed at 40% of its fair market value.

SCHEDULE 10
CITY OF AUSTELL, GEORGIA
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
LAST TEN CALENDAR YEARS
(Rate per $1,000 of assessed value)

Tax Year/Fiscal Year	City	Cobb County (1)		State	Total
		County	Board of Education		
2002/2003	3.12	9.72	19.90	0.25	32.99
2003/2004	3.12	9.72	19.90	0.25	32.99
2004/2005	3.12	10.53	19.00	0.25	32.90
2005/2006	3.12	10.50	19.00	0.25	32.87
2006/2007	3.12	9.60	18.90	0.25	31.87
2007/2008	3.12	9.60	18.90	0.25	31.87
2008/2009	3.12	9.60	18.90	0.25	31.87
2009/2010	3.12	9.60	18.90	0.25	31.87
2010/2011	3.12	10.61	18.90	0.25	32.88
2011/2012	4.00	11.11	18.90	0.20	34.21

(1) Information from Cobb County Administration

Source: Cobb County Tax Assessor. Overlapping rates are those of local and county governments that apply to property owners within the City of Austell.

SCHEDULE 11
CITY OF AUSTELL, GEORGIA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT CALENDAR YEAR AND NINE YEARS AGO

	2012			2003		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Austell Box Board Corp	$ 10,866,493	1	40.6%	$ 13,953,929	1	45.8%
Sweetwater Paper Board Co.	8,612,434	2	32.2%	6,901,116	2	22.7%
Star Paper Tube, Inc	1,238,956	3	4.6%	1,073,008	7	3.5%
2989 Humphires Rd LLC	1,130,403	4	4.2%	-		-
Shea Traylor JV	1,104,866	5	4.1%	-		-
Sweetwater Lumber & Land Inc.	849,345	6	3.2%	1,206,389	6	4.0%
Anderson Clay	824,502	7	3.1%	-		-
Efficiency Lodge, Inc	808,124	8	3.0%	914,783	9	3.0%
K & A Development LLC	660,048	9	2.5%	-		-
Stansel Patricia I & L C	659,440	10	2.5%	-		-
National Envelope	-		-	2,036,367	3	6.7%
Ungar William & Jerry	-		-	1,315,296	5	4.3%
I B M Credit Corporation	-		-	1,335,753	4	4.4%
Austell Cabinet Company	-		-	741,500	10	2.4%
Williams Bros	-		-	962,748	8	3.2%
Total	$ 26,754,611		100%	$ 30,440,889		100%

Source: Cobb County Tax Assessor

SCHEDULE 12
CITY OF AUSTELL, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Collections to Date	
					Amount	Percent of Levy
2003	$ 362,786	$ 316,438	87.2%	$ 46,675	$ 363,113	100.1%
2004	402,636	358,855	89.1%	40,758	399,613	99.2%
2005	436,652	384,402	88.0%	46,623	431,025	98.7%
2006	531,551	394,214	74.2%	127,662	521,876	98.2%
2007	533,359	474,783	89.0%	49,966	524,749	98.4%
2008	557,756	460,620	82.6%	81,505	542,125	97.2%
2009	598,818	494,220	82.5%	102,012	596,232	99.6%
2010	605,950	530,242	87.5%	65,459	595,701	98.3%
2011	489,816	458,294	93.6%	24,131	482,425	98.5%
2012	436,547	411,358	94.2%	-	411,358	94.2%

Source: Cobb County Tax Commissioners Office

SCHEDULE 13
CITY OF AUSTELL, GEORGIA
GENERAL GOVERNMENTAL FRANCHISE TAX AND OWNERSHIP FEES PERCENTAGES
CURRENT FISCAL YEAR AND SIX YEARS AGO

Franchise Tax & Ownership Fees	Current Year Percentage of Gross Sales	2012 Revenue	2006 Revenue
Austell Gas System (ownership)	7%	$ 3,228,473	$ 4,501,920
Georgia Power	5%	511,784	434,264
Greystone Power	5%	44,455	48,163
Comcast Cable TV	5%	43,152	37,647
AT&T	3%	52,795	59,721
Total		$ 3,880,659	$ 5,081,715

Source: City's finance department

SCHEDULE 14
CITY OF AUSTELL, GEORGIA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	Governmental Activities	Business-Type Activities			Total Primary Government	Percentage of Personal Income	Debt Per Capita (1)
		Water and Sewer	Threadmill Complex				
	Capital Leases	Revenue Bonds	Revenue Bonds	Capital Lease			
2003	$ 94,226	$ 1,045,000	$ 3,130,000	$ -	$ 4,269,226	2.02%	758
2004	48,172	890,000	7,005,000	-	7,943,172	3.68%	1,393
2005	354,679	725,000	6,780,000	-	7,859,679	3.46%	1,359
2006	271,311	550,000	6,545,000	79,269	7,445,580	3.22%	1,255
2007	274,909	380,000	6,300,000	54,075	7,008,984	2.98%	1,163
2008	423,787	195,000	6,045,000	27,672	6,691,459	2.78%	1,096
2009	248,238	-	5,780,000	-	6,028,238	2.45%	975
2010	163,929	-	5,500,000	-	5,663,929	2.46%	923
2011	40,794	-	5,205,000	-	5,245,794	2.28%	740
2012	550,022	-	4,905,000	-	5,455,022	1.94%	829

Data Source: Woods & Poole Economics pamphlet 2011.
(1) Data based on .857% of Cobb County population (2000 census City of Austell population 5,359)

SCHEDULE 15
CITY OF AUSTELL, GEORGIA
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2012

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct General Obligation Debt:	-	-	-
Overlapping General Obligation Debt:			
Cobb County General Obligation Debt	$ 40,370,000	1%	$ 403,700
Cobb County School District	110,250,000	1%	1,102,500
Total, General Obligation Debt			1,506,200
Overlapping Guaranteed Revenue Debt:			
Cobb County Recreation Authority	-	1%	-
Cobb County Administration Building Project	10,260,000	1%	102,600
Downtown Marietta Development Authority	48,260,000	1%	482,600
Cobb County Solid Waste Management Authority	6,150,000	1%	61,500
Total, overlapping revenue debt	$ 215,290,000	1%	$ 2,152,900
City Direct Debt:			
Capital Lease			$ 550,022
			$ 550,022

Sources: Assessed value data used to estimate applicable percentages provided by the Cobb County Finance Department. Debt outstanding data provided by Cobb County Finance Department and Cobb County School District.

Note: Overlapping governments 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 Austell, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by 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) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assesses value that is within the government's boundaries and dividing it by the Cobb County's total taxable assesses value.

SCHEDULE 16
CITY OF AUSTELL, GEORGIA
LEGAL DEBT MARGIN
LAST TEN CALENDAR YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	$ 13,031,940	$ 14,301,784	$ 15,362,647	$ 18,495,897	$ 20,338,721	$ 20,688,495	$ 21,521,211	$ 19,402,828	$ 17,555,554	$ 15,523,142
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 13,031,940	$ 14,301,784	$ 15,362,647	$ 18,495,897	$ 20,338,721	$ 20,688,495	$ 21,521,211	$ 19,402,828	$ 17,555,554	$ 15,523,142
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: City's finance department
Note: Legal debt limit is in accordance with the State laws governing bond issuances.
Note 2: The City has no outstanding general obligation debt as of June 30, 2012.

SCHEDULE 17
CITY OF AUSTELL, GEORGIA
PLEDGED REVENUE COVERAGE-WATER & SEWER FUND
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	$ 2,252,867	$ 2,213,558	$ 39,309	$ 155,000	$ 47,025	0.20
2004	2,757,738	2,594,501	163,237	165,000	40,050	0.80
2005	2,724,037	2,363,512	360,525	170,000	32,625	1.80
2006	2,718,683	2,445,933	272,750	175,000	32,625	1.31
2007	2,906,312	2,539,265	367,047	175,000	24,975	1.84
2008	2,824,631	2,322,800	501,831	185,000	17,100	2.48
2009	2,993,248	2,847,700	145,548	195,000	8,775	0.71
2010	3,591,952	3,106,552	485,400	-	-	-
2011	3,268,623	3,059,004	209,619	-	-	-
2012	3,679,283	3,405,721	273,562	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest, depreciation, or amortization expenses.
All revenue bonds matured February, 2009; therefore, no bond payments were paid subsequent to Fiscal Year 2009.

SCHEDULE 18
CITY OF AUSTELL, GEORGIA
PLEDGED REVENUE COVERAGE - THREADMILL COMPLEX FUND
LAST NINE FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	Lease Charges	Less: Operating Expenses	Net Available Revenue	Debt Service (1)		Coverage
				Principal	Interest	
2004	$ 632,155	$ 749,949	$ (117,794)	$ 225,000	$ 300,256	(0.20)
2005	1,017,659	666,912	350,747	235,000	289,491	0.70
2006	980,040	961,328	18,712	245,000	299,666	0.03
2007	1,022,369	820,003	202,366	255,000	284,000	0.38
2008	1,120,973	758,818	362,155	255,000	277,866	0.68
2009	1,116,053	766,532	349,521	265,000	295,515	0.62
2010	1,045,701	753,371	292,330	280,000	304,332	0.50
2011	1,078,585	759,691	318,894	295,000	288,147	0.55
2012	1,120,537	784,067	336,470	300,000	270,978	0.59

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest, depreciation, or amortization expenses.

(1) Bonds issued during Fiscal Year 2004.

SCHEDULE 19
CITY OF AUSTELL, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	City Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2003	5,630	$ 242,140,460	$ 37,532	4.4%
2004	5,704	247,324,840	37,807	4.3%
2005	5,783	260,122,080	39,232	4.7%
2006	5,933	266,271,340	38,967	4.1%
2007	6,026	270,015,410	39,077	3.8%
2008	6,107	268,646,380	39,348	3.9%
2009	6,184	264,825,980	39,721	9.6%
2010	6,136	246,440,168	40,163	9.5%
2011	7,085	276,860,545	39,077	9.1%
2012	6,581	257,165,737	39,077	9.1%

Source: Woods & Poole Economics 2011 Data Pamphlet

SCHEDULE 20
CITY OF AUSTELL, GEORGIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FOUR YEARS AGO

	2012			2008		
Employer	**Number of Employees**	**% of Total Employment**	**Rank**	**Number of Employees**	**% of Total Employment**	**Rank**
Austell Boxboard	355	9.6%	1	355	8.9%	1
National Envelope	--	--	--	230	5.8%	3
Carustar Industries	120	3.2%	2	231	5.8%	2
Venture Homes	--	--	--	144	3.6%	4
Old Fashion Foods	95	2.6%	3	126	3.2%	5
Carustar Corp	87	2.3%	4	95	2.4%	6
Sweetwater Paper Company	87	2.3%	5	--	--	--
Garda CL Southeast, Inc.	83	2.2%	6	87	2.2%	7
Fat Cats Grill & Game Room	--	--	--	83	2.1%	8
Wade Heating & Air	--	--	--	--	--	--
Parsec,Inc.	65	1.8%	7	--	--	--
Mayo Compay	--	--	--	--	--	--
Wallace Barbeque	32	0.9%	8	50	1.3%	9
Kassaus	29	0.8%	9			
Better Optics	22	0.6%	10	49	1.2%	10
Total Employees	975			1,450		

Source: City's Occupational Tax database
Note: Information is not readily available prior to fiscal year 2008

SCHEDULE 21
CITY OF AUSTELL, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Management services	4	4	5	4	4	4	4	4	4	4
Finance	3	5	5	3	3	3	1	1	1	1
Planning	-	-	-	-	-	-	-	-	-	-
Building	2	-	-	-	-	-	-	-	-	-
Public Safety	43	45	48	52	50	50	54	53	55	55
Municipal court	2	2	2	2	2	3	3	3	3	3
Highways and streets	2	2	2	2	2	2	3	3	3	3
Parks and recreation	3	3	3	3	3	3	3	3	3	3
Water	2	2	2	2	2	2	4	4	4	4
Public Works	12	14	14	14	14	14	14	14	15	16
Threadmill	5	10	10	10	10	10	10	10	10	10
Total	78	87	91	92	90	91	96	95	98	99

SCHEDULE 22
CITY OF AUSTELL, GEORGIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function / Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Municipal Court										
Citations issued	6,300	5,309	5,553	7,082	6,869	6,243	5,540	4,660	3,726	4,561
Traffic violations	6,044	5,021	5,209	6,704	6,940	5,304	5,046	4,657	3,301	4,367
Shoplifting violations	4	4	5	1	3	2	10	3	9	-
Refuse collections										
Refuse collected (tons per day)	1.74	1.73	2.61	2.61	1.85	1.90	1.90	1.90	1.90	2.25
Public Works										
Streets resurfaced (miles)	1	1	1	-	2	2	2	2	2	-
Water										
New connections	3	93	2	2	2	-	-	-	-	-
Average daily consumption	1,029,978	1,057,441	1,129,799	1,238,601	996,861	988,620	900,219	942,472	881,298	890,000
Stormwater										
Miles of streets swept	5	5	5	5	6	8	8	8	8	50
Storm drains cleaned	220	303	398	398	410	450	450	450	450	450

Sources: Various City Departments

SCHEDULE 23
CITY OF AUSTELL, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function / Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public works										
Paved roads (miles)	50.0	50.0	52.0	54.0	55.3	55.3	55.3	55.3	55.3	55.3
Streetlights	571.0	758.0	759.0	759.0	777.0	780.0	780.0	780.0	780.0	780.0
Traffic signals	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Parks and recreation										
Number of parks	7.0	7.0	7.0	7.0	7.0	8.0	10.0	11.0	11.0	11.0
Acreage	36.7	36.7	36.7	36.7	36.7	36.7	38.7	39.0	39.0	39.0
Playgrounds	54.0	54.0	50.0	50.0	7.0	7.0	7.0	7.0	7.0	7.0
Community centers	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Water										
Storage capacity	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Water tanks	1	1	1	1	1	1	1	1	1	1
Wastewater										
Sanitary sewers (miles)	19.0	24.0	26.6	26.6	41.0	36.1	36.1	36.1	36.1	36.1
Number of service connections	2,215	2,215	2,418	2,495	2,551	2,551	2,592	2,464	2,464	2,464
Solid Waste Management										
Customers	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Compactor trucks	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Stormwater										
Storm sewers (miles)	23.0	28.0	30.6	30.6	50.0	52.0	52.0	52.0	52.0	52.0

Source: City of Austell Public Works Department