City of Austell, Georgia



Comprehensive Annual Financial Report
For the
Fiscal Year Ended
June 30, 2013

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, 2013

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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

December 20, 2013

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, 2013 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. We also believe 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 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 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 years, 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. To mitigate these factors, the City has increased franchise fees from 7% to 8% during 2013, and by 2014, the rate will top out at 9%. This along with property tax assessments remaining steady, creates a much better economic outlook for the foreseeable future.

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. With the passage of the existing SPLOST, the City will complete 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 completed Phase II of the LCI Streetscapes grant program and is moving toward Phase III.

Sanitation

The City provides residential sanitation service to it's 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 2012 City's tax digest decreased 1% from the 2011 digest. This is primarily due to reassessments of property by Cobb County in January, 2012. The 2013 digest is expected to decrease approximately $5M in personal property due to a large commercial property selling off some assets.

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 accordinance with Generally Accepted Accounting Principles. 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.

Cash Management and Investment

The intention of the cash management system is to limit the amount of funds placed in accounts where low or no interest is paid. Idle cash is invested in various instruments with various maturity dates, depending on the anticipated cash requirements during the period.

The overall strategy of holding deposits and making investments is to limit exposure of the City to a minimum amount of credit risk and market risk. All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by the City or by its agent in the City's name.

Risk Management

The City is exposed to a variety of accidental losses and has established a risk management strategy that attempts to minimize losses and the carrying out of insurance.

Risk control techniques have been established to reasonably ensure that the City's employees are aware of their responsibilities regarding loss exposures related to their duties. In a similar manner, risk control techniques have been established to reduce possible losses to property owned by or under control of the City. Furthermore, supervisory personnel are held responsible for monitoring risk control techniques on an operational basis.

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a $2,500 deductible reduces the cost of insurance, but should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the City.

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 continuing to use SPLOST funds to improve its parks and public works infrastructure. Finally, the City is committed to expanding its largest park over the next two years. The City has added a new disc golf course with 9 holes and will be adding 9 more during the 2014 fiscal year.

Other Information

Management Discussion and Analysis

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the 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, 2012. This represents the fifteenth 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 Generally Accepted Accounting Principles 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 government in a responsible and progressive manner.

Respectfully submitted,

Denise Soesbee
Finance Director

Government Finance Officers Association

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, 2012



Executive Director/CEO

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

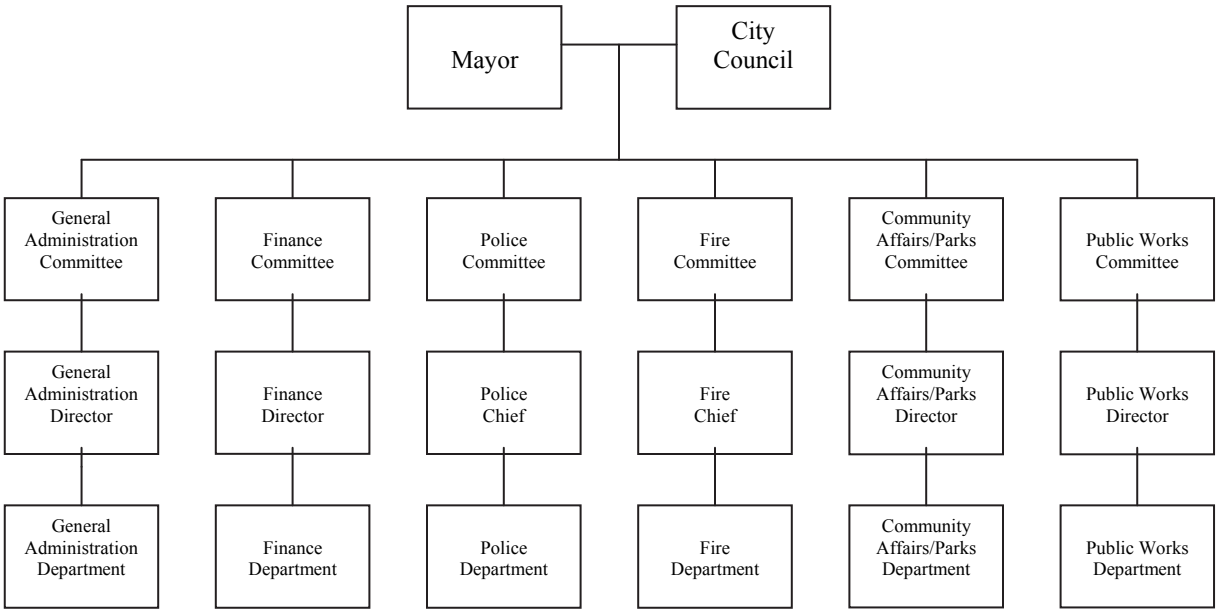
Jimmy R. Graham
Community Development/
Parks Director

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

Report on the Financial Statements

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** (the "City") as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Austell, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General Fund and the Multiple Grants Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and Note 16, the City of Austell, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, as well as Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. These standards modified terminology and presentation of certain accounts and changed the accounting for bond issuance costs. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress (on pages 4 through 12 and page 50, 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.

Other Information

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 statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, and the introductory and the 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.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013 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* in considering the City of Austell, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 18, 2013

City of Austell, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

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 $25,350,527 (net position). Of this amount, $493,084 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.

- The City had an increase in net position of $1,551,435 compared to a decrease of ($517,748) in the prior fiscal year. Primary contributors were increases in franchise fees due to increases in gas sales for Austell Gas system. Franchise fee rates were increased from 7% to 8%.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $11,938,463. This represents an increase from the prior fiscal year of $1,385,833 due primarily to the increase in franchise fees.

- At the end of the current fiscal year, unassigned fund balance of the General Fund was $4,163,355 or 78% of total current fiscal year General Fund expenditures. In the prior year, unassigned fund balance was $3,170,763 or 58% 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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* reports how the City's net position 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 position and the statement of activities, the City is divided into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, community development, 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 and 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 nonmajor 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 Position 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 through 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 Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as cash flows, 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 Threadmill Complex, Water and Sewer, Stormwater, and the Solid Waste funds. Of these funds, the Threadmill Complex Fund, Water and Sewer Fund, Stormwater Fund, and Solid Waste Fund are considered major funds.

The basic enterprise fund financial statements are presented on pages 21 through 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 through 53 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 nonmajor 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 position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $25,350,527 at the close of the most recent fiscal year.

A portion of the City's net position (68%) 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 position of $7,561,988 which is restricted for capital construction, law enforcement activities, public safety activities, and tourism and development, as compared to $7,290,614 of restricted net position of the prior fiscal year. The remaining balance of unrestricted net position ($493,084) 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 position, governmental activities, business-type activities, and the City's discretely presented component unit except for unrestricted net position of its business-type activities.

Net Position
As noted earlier, the City's combined net position totals $25,350,527 (excluding the City's component unit).

The following table provides a summary of the City's governmental and business-type activities' net position for the fiscal years ended 2013 and 2012:

Condensed Statement of Net Position
June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012 (Restated)	2013	2012 (Restated)
Assets:						
Current assets	$ 8,868,769	$ 11,430,884	$ 327,760	$ 1,175,863	$ 9,196,529	$ 12,606,747
Capital assets	9,387,106	8,660,692	8,690,937	9,140,153	18,078,043	17,800,845
Other noncurrent assets	4,131,000	-	(4,130,982)	18	18	18
Total Assets	22,386,875	20,091,576	4,887,715	10,316,034	27,274,590	30,407,610
Liabilities:						
Current liabilities	1,060,057	874,925	244,723	477,348	1,304,780	1,352,273
Long-term liabilities	592,975	489,798	26,308	4,766,447	619,283	5,256,245
Total Liabilities	1,653,032	1,364,723	271,031	5,243,795	1,924,063	6,608,518
Net Position:						
Net investment in capital assets	8,604,518	8,110,670	8,690,937	4,263,346	17,295,455	12,374,016
Restricted	7,561,988	7,290,614	-	-	7,561,988	7,290,614
Unrestricted (deficit)	4,567,337	3,325,569	(4,074,253)	808,893	493,084	4,134,462
Total Net Position	$ 20,733,843	$ 18,726,853	$ 4,616,684	$ 5,072,239	$ 25,350,527	$ 23,799,092

Changes in Net Position

Governmental and business-type activities increased the City's net position by $1,551,435. The following table provides a summary of the City's changes in net position:

Condensed Changes in Net Position
June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012 (Restated)	2013	2012 (Restated)
Revenues						
Program revenues:						
Charges for services	$ 758,712	$ 678,884	$ 4,980,031	$ 5,221,338	$ 5,738,743	$ 5,900,222
Operating grants and contributions	310	16,222	-	-	310	16,222
Capital grants and contributions	3,610,031	735,668	-	-	3,610,031	735,668
General revenues:						
Property taxes	651,736	585,391	-	-	651,736	585,391
Other taxes/ownership fees	5,200,487	4,788,697	-	-	5,200,487	4,788,697
Unrestricted investment earnings	3	4,244	-	355	3	4,599
Miscellaneous	96,921	73,275	-	-	96,921	73,275
Gain on sale of capital assets	-	14,103	-	-	-	14,103
Total Revenues	10,318,200	6,896,484	4,980,031	5,221,693	15,298,231	12,118,177
Expenses						
General government	773,771	807,178	-	-	773,771	807,178
Public safety	3,986,386	3,920,602	-	-	3,986,386	3,920,602
Judicial	176,421	166,459	-	-	176,421	166,459
Public works	2,890,186	1,763,851	-	-	2,890,186	1,763,851
Solid waste management	-	72	-	-	-	72
Culture and recreation	680,191	600,637	-	-	680,191	600,637
Housing and development	48,896	49,761	-	-	48,896	49,761
Tourism and economic development	4,521	4,673	-	-	4,521	4,673
Interest on long-term debt	18,708	1,664	-	-	18,708	1,664
Threadmill Complex	-	-	1,323,467	1,408,770	1,323,467	1,408,770
Water and sewer	-	-	3,308,126	3,472,137	3,308,126	3,472,137
Stormwater	-	-	401,950	290,936	401,950	290,936
Solid waste	-	-	134,173	149,185	134,173	149,185
Total Expenses	8,579,080	7,314,897	5,167,716	5,321,028	13,746,796	12,635,925
Change in net assets before transfers	1,739,120	(418,413)	(187,685)	(99,335)	1,551,435	(517,748)
Transfers	267,870	(140,083)	(267,870)	140,083	-	-
Change in Net Position	2,006,990	(558,496)	(455,555)	40,748	1,551,435	(517,748)
Net Position, beginning of fiscal year as restated	18,726,853	19,285,349	5,072,239	5,031,491	23,799,092	24,316,840
Net Position, end of fiscal year	$ 20,733,843	$ 18,726,853	$ 4,616,684	$ 5,072,239	$ 25,350,527	$ 23,799,092

Governmental Activities

Governmental activities increased the City's net position by $2,006,990. This can be explained by revenue increases in franchise fees $1,220,626 and grants $2,858,451, which were offset by increased expenses in public works of ($1,126,335).

Program revenues for Governmental Activities increased overall by approximately 95% which is primarily attributed to SPLOST and grant revenue.

Governmental Activities
Program Revenues and Expenses
For the Fiscal Years Ended June 30, 2013 and June 30, 2012

	2013 Revenues	2013 Expenses	2012 Revenues	2012 Expenses
General government	$ 8,279	$ 773,771	$ 22,160	$ 807,178
Public safety	321,187	3,986,386	219,501	3,920,602
Judicial	596,609	176,421	526,675	166,459
Public works	3,003,107	2,890,186	1,237,271	1,763,851
Solid waste management	3,910	-	3,758	72
Culture and recreation	435,961	680,191	234,399	600,637
Housing and development	-	48,896	-	49,761
Tourism and economic development	-	4,521	-	4,673
Interest on long-term debt	-	18,708	-	1,664
Totals	$ 4,369,053	$ 8,579,080	$ 2,243,764	$ 7,314,897

Governmental Activities
Revenues by Source
For the Fiscal Years Ended June 30, 2013 and June 30, 2012

	2013		2012	
Charges for services	$ 758,712	7%	$ 678,884	10%
Operating grants and contributions	310	0%	16,222	0%
Capital grants and contributions	3,610,031	36%	1,548,658	23%
Property taxes	651,736	6%	585,391	8%
Other taxes and ownership fees	5,200,487	50%	3,975,698	58%
Unrestricted investment earnings	3	0%	4,253	0%
Miscellaneous	96,921	1%	73,275	1%
Gain on sale of capital assets	-	0%	14,103	0%
Totals	$ 10,318,200	100%	$ 6,896,484	101%

Business-Type Activities

Major revenue sources for the proprietary funds were charges for services of $4,980,031 which is a 4.6% decrease from the previous fiscal year. This decrease is primarily attributed to the decrease in water and sewer usage from the previous fiscal year. Expenses for the proprietary funds are $5,167,716 which is a 2.9% decrease from the previous fiscal year. This decrease is mostly the result of water usage activity for the fiscal year 2013.

Business-type Activities
Program Revenues and Expenses
For the Fiscal Years Ended June 30, 2013 and June 30, 2012

	2013 Revenues	2013 Expenses	2012 Revenues	2012 Expenses
Threadmill Complex	$ 1,118,192	$ 1,323,467	$ 1,120,537	$ 1,408,770
Water and Sewer	3,417,558	3,308,126	3,679,283	3,472,137
Stormwater	360,387	401,950	337,877	290,936
Solid Waste	83,894	134,173	83,641	149,185
Totals	$ 4,980,031	$ 5,167,716	$ 5,221,338	$ 5,321,028

Business-type Activities
Revenues by Source
For the Fiscal Years Ended June 30, 2013 and June 30, 2012

	2013		2012	
Charges for services	$ 4,980,031	100%	$ 5,221,338	100%
Unrestricted investment earnings	-	0%	355	0%
Totals	$ 4,980,031	100%	$ 5,221,693	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, 2013, the City's governmental funds reported a combined ending fund balance of approximately $11.9 million. Of this total, approximately 4.2 million or 35% 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, 2013, unassigned fund balance was approximately $4.2 million, while total fund balance was approximately $4.4 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 78% of total General Fund expenditures, while total fund balance represents 82% of that same amount.

The fund balance of the General Fund increased $1,050,597 during the fiscal year. Key factors in this increase are as follows:

- Substantial increases in Franchise and Ownership fees due to the Austell Gas system overall usage and rate increase from 7% to 8%.

- Total expenditures however remained relatively unchanged.

The fund balance of the Cobb County SPLOST Fund increased $298,147 during the fiscal year. A key factor in this increase is that the City received a full year of the 2011 Cobb County SPLOST.

The fund balance of the Austell Area Community Council (AACC) Fund increased $5,467 during the fiscal year as a result of the financing arrangement with the Threadmill Complex. The AACIC Board decided to retire all outstanding bonds related to the purchase of the Threadmill Complex. As a result, a promissory note from the Threadmill to the AACC fund was executed. This was a win/win situation for both funds. The Threadmill will decrease their interest expense over the next 10 years and the AACC Fund will increase their interest revenue substantially.

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 position of the Threadmill Complex Fund amount to a decrease of $64,530, resulting in total net position of $641,721. This decrease is primarily due to an increase in personnel expenses as compared to last fiscal year.
- Change in net position of the Water and Sewer Fund at the end of the current fiscal year amount to a decrease of $253,639, resulting in total net position of $703,488. The decrease is due to operating transfers increasing substantially during fiscal year 2013.
- Change in net position of the Stormwater Fund amount to an decrease of $138,409, resulting in total net position of $3,255,919. This decrease is primarily due to increases in personnel expenses that were more accurately charged to Stormwater.
- Change in net position of the Solid Waste Fund amount to an increase of $1,023, resulting in total net position of $15,556. This increase is due to a decrease in overall expenses for the 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, 2013, was $9,387,106 and $8,690,937, respectively. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. The major additions to capital for the fiscal year were:

- Added new park improvements from the LCI grant funds.
- Added new fire truck purchased with SPLOST funds.

At June 30, 2013, the depreciable capital assets for governmental activities were 45% depreciated. The business-type activities are 47% 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 $4,905,000 of the beginning outstanding bonds and $280,966 of outstanding capital lease obligations. At the end of the current fiscal year, the City of Austell had total debt outstanding of $921,908 in which the majority of the debt included $782,588 of capital leases secured for the purchase of vehicles, trucks, and other equipment.

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 2014 are summarized as follows:

- The Gas System ownership fees were budgeted to be approximately $4.0 million. Anticipated revenue at the current rate of 9% gross sales is expected to be approximately $4.0 million.
- Increases in healthcare costs are anticipated to remain relatively unchanged until 2015.
- 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 30106.

CITY OF AUSTELL, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Unit
ASSETS	Governmental Activities	Business-type Activities	Total	Austell Natural Gas System
Cash and cash equivalents	$ 3,804,514	$ 220,868	$ 4,025,382	$ 26,086,261
Investments	-	167,728	167,728	-
Taxes receivable, net of allowances	374,367	-	374,367	-
Other receivables	20,787	-	20,787	-
Accounts receivable, net of allowances	43,584	630,797	674,381	2,548,208
Due from component unit	3,442,877	-	3,442,877	-
Due from other governments	180,768	-	180,768	111,225
Internal balances	4,934,327	(4,934,327)	-	-
Inventory	-	21,155	21,155	2,044,896
Prepaid items	213,120	75,964	289,084	386,097
Restricted cash and cash equivalents	-	-	-	12,182,668
Other assets	-	18	18	-
Net pension asset	-	-	-	910,677
Capital assets:				
Non-depreciable	1,961,661	545,640	2,507,301	445,118
Depreciable, net of accumulated depreciation	7,425,445	8,145,297	15,570,742	20,976,998
Total assets	22,401,450	4,873,140	27,274,590	65,692,148
LIABILITIES				
Accounts payable	497,737	-	497,737	2,481,691
Accrued interest payable	-	-	-	32,311
Accrued liabilities	29,867	11,340	41,207	268,787
Due to others	21,888	-	21,888	-
Unearned revenue		34,819	34,819	886,665
Customer deposits payable	1,500	187,289	188,789	1,530,790
Due to primary government	-	-	-	3,580,658
Due to other governments	217,715	-	217,715	-
Compensated absences due within one fiscal year	25,434	11,275	36,709	374,016
Compensated absences due in more than one fiscal year	76,303	26,308	102,611	-
Capital leases due within one fiscal year	265,916	-	265,916	-
Capital leases due in more than one fiscal year	516,672	-	516,672	-
Bonds payable due within one fiscal year	-	-	-	1,545,000
Bonds payable due in more than one fiscal year	-	-	-	3,575,000
Net OPEB obligation	-	-	-	113,560
Total liabilities	1,653,032	271,031	1,924,063	14,388,478
NET POSITION				
Net investment in capital assets	8,604,518	8,690,937	17,295,455	16,302,116
Restricted for capital construction	7,516,900	-	7,516,900	332,646
Restricted for law enforcement activities	8,112	-	8,112	-
Restricted for public safety activities	32,102	-	32,102	-
Restricted for tourism and economic development	4,874	-	4,874	-
Restricted for renewal and extension	-	-	-	9,834,088
Restricted for debt service	-	-	-	438,622
Unrestricted (deficit)	4,581,912	(4,088,828)	493,084	24,396,198
Total net position	$ 20,748,418	$ 4,602,109	$ 25,350,527	$ 51,303,670

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, 2013

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 Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Austell Natural Gas System
Primary government:								
Governmental activities:								
General government	$ 773,771	$ 7,969	$ 310	$ -	$ (765,492)	$ -	$ (765,492)	$ -
Judicial	176,421	596,609	-	-	420,188	-	420,188	-
Public safety	3,986,386	130,805	-	190,382	(3,665,199)	-	(3,665,199)	-
Public works	2,890,186	19,419	-	2,983,688	112,921	-	112,921	-
Solid waste management	-	3,910	-	-	3,910	-	3,910	-
Culture and recreation	680,191	-	-	435,961	(244,230)	-	(244,230)	-
Housing and development	48,896	-	-	-	(48,896)	-	(48,896)	-
Tourism and economic development	4,521	-	-	-	(4,521)	-	(4,521)	-
Interest on long-term debt	18,708	-	-	-	(18,708)	-	(18,708)	-
Total governmental activities	8,579,080	758,712	310	3,610,031	(4,210,027)	-	(4,210,027)	-
Business-type activities:								
Threadmill Complex	1,323,467	1,118,192	-	-	-	(205,275)	(205,275)	-
Water and Sewer	3,308,126	3,417,558	-	-	-	109,432	109,432	-
Stormwater	401,950	360,387	-	-	-	(41,563)	(41,563)	-
Solid Waste	134,173	83,894	-	-	-	(50,279)	(50,279)	-
Total business-type activities	5,167,716	4,980,031	-	-	-	(187,685)	(187,685)	-
Total primary government	$ 13,746,796	$ 5,738,743	$ 310	$ 3,610,031	(4,210,027)	(187,685)	(4,397,712)	-
Component unit:								
Austell Natural Gas System	$ 44,563,934	$ 47,509,287	$ -	$ -	-	-	-	2,945,353
General revenues:								
Property taxes					$ 651,736	$ -	$ 651,736	$ -
Franchise taxes					4,590,561	-	4,590,561	-
Insurance premium taxes					327,866	-	327,866	-
Business occupation taxes					104,356	-	104,356	-
Sales and use taxes					19,013	-	19,013	-
Other taxes					144,820	-	144,820	-
Penalties and interest					13,871	-	13,871	-
Unrestricted investment earnings					3	-	3	30,208
Miscellaneous					96,921	-	96,921	24,423
Transfers					282,445	(282,445)	-	-
Total general revenues and transfers					6,231,592	(282,445)	5,949,147	54,631
Change in net position					2,021,565	(470,130)	1,551,435	2,999,984
Net position, beginning of fiscal year, as restated (see Note 16)					18,726,853	5,072,239	23,799,092	48,303,686
Net position, end of fiscal year					$ 20,748,418	$ 4,602,109	$ 25,350,527	$ 51,303,670

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

CITY OF AUSTELL, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

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	$ 434,688	$ 2,337,995	$ 832,589	$ 115,672	$ 83,570	$ 3,804,514
Accounts receivable	27,539	-	-	-	16,045	43,584
Taxes receivable, net of allowances	163,222	210,938	-	-	207	374,367
Due from other governments	-	-	-	130,538	50,230	180,768
Other receivables	20,787	-	-	-	-	20,787
Due from other funds	893,574	-	631,011	-	62,815	1,587,400
Due from component unit	3,442,877	-	-	-	-	3,442,877
Prepaid items	191,654	-	-	-	21,466	213,120
Advances to other funds	-	-	4,131,000	-	-	4,131,000
Total assets	$ 5,174,341	$ 2,548,933	$ 5,594,600	$ 246,210	$ 234,333	$ 13,798,417
LIABILITIES						
Accounts payable	$ 497,172	$ -	$ -	$ -	$ 565	$ 497,737
Customer deposits	1,500	-	-	-	-	1,500
Accrued liabilities	26,790	-	-	-	3,077	29,867
Due to other funds	94,257	522,945	108,820	28,979	29,072	784,073
Due to other governments	22,977	-	-	86,693	108,045	217,715
Due to others	-	-	-	-	21,888	21,888
Total liabilities	642,696	522,945	108,820	115,672	162,647	1,552,780
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	127,206	-	-	-	-	127,206
Unavailable revenue - sales taxes	34,855	-	-	-	-	34,855
Unavailable revenue - intergovernmental	-	-	-	130,538	-	130,538
Total deferred inflows of resources	162,061	-	-	130,538	-	292,599
FUND BALANCES						
Fund balances:						
Nonspendable for:						
Prepaid items	191,654	-	-	-	21,466	213,120
Advances to other funds	-	-	4,131,000	-	-	4,131,000
Restricted for:						
Capital construction	-	2,025,988	1,354,780	-	5,132	3,385,900
Law enforcement activities	-	-	-	-	8,112	8,112
Public safety activities	-	-	-	-	32,102	32,102
Tourism and economic development	-	-	-	-	4,874	4,874
Unassigned	4,177,930	-	-	-	-	4,177,930
Total fund balances	4,369,584	2,025,988	5,485,780	-	71,686	11,953,038
Total liabilities, deferred inflows of resouces, and fund balances	$ 5,174,341	$ 2,548,933	$ 5,594,600	$ 246,210	$ 234,333	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,387,106
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	292,599
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.	(884,325)
Net position of governmental activities	$ 20,748,418

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, 2013

	General Fund	Cobb County SPLOST Fund	Austell Area Community Council Fund	Multiple Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 5,855,588	$ -	$ -	$ -	$ 2,732	$ 5,858,320
Licenses and permits	24,583	-	-	-	-	24,583
Intergovernmental	58,102	1,269,209	-	2,033,500	-	3,360,811
Charges for services	19,000	-	-	-	118,520	137,520
Fines and forfeitures	595,953	-	-	-	656	596,609
Interest income	3	23	118,659	-	-	118,685
Contributions and donations	310	-	-	-	-	310
Miscellaneous	96,220	-	-	-	701	96,921
Total revenues	6,649,759	1,269,232	118,659	2,033,500	122,609	10,193,759
Expenditures						
Current:						
General government	664,892	-	55,100	-	-	719,992
Judicial	176,421	-	-	-	-	176,421
Public safety	3,285,060	3,800	-	78,480	455,867	3,823,207
Public works	594,476	667	-	2,126,427	-	2,721,570
Culture and recreation	549,211	6,812	1,700	-	189	557,912
Housing and development	48,896	-	-	-	-	48,896
Tourism and economic development	-	-	-	-	4,521	4,521
Capital outlay	-	1,180,743	56,392	-	-	1,237,135
Debt service:						
Principal retirements	20,805	260,161	-	-	-	280,966
Interest expenditures	849	17,859	-	-	-	18,708
Total expenditures	5,340,610	1,470,042	113,192	2,204,907	460,577	9,589,328
Excess (deficiency) of revenues over (under) expenditures	1,309,149	(200,810)	5,467	(171,407)	(337,968)	604,431
Other financing sources (uses):						
Capital leases	-	513,532	-	-	-	513,532
Transfers in	445,942	-	-	309,986	469,577	1,225,505
Transfers out	(689,919)	(14,575)	-	(148,921)	(89,645)	(943,060)
Total other financing sources (uses)	(243,977)	498,957	-	161,065	379,932	795,977
Net change in fund balances	1,065,172	298,147	5,467	(10,342)	41,964	1,400,408
Fund balances, beginning of fiscal year	3,304,412	1,727,841	5,480,313	10,342	29,722	10,552,630
Fund balances, end of fiscal year	$ 4,369,584	$ 2,025,988	$ 5,485,780	$ -	$ 71,686	$ 11,953,038

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, 2013

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 1,400,408
Governmenta 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.		726,414
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		124,441
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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	($513,532)	
Principal payments on capital leases	280,966	(232,566)
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).		2,868
Change in net position - governmental activities		$ 2,021,565

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
General property taxes	$ 624,900	$ 624,900	$ 657,833	$ 32,933
Sales and excise taxes	50,000	50,000	19,013	(30,987)
Franchise and other taxes	3,724,000	3,724,000	4,732,649	1,008,649
Occupational and premium taxes	385,000	385,000	432,222	47,222
Penalties and interest	2,500	2,500	13,871	11,371
Licenses and permits	26,289	26,289	24,583	(1,706)
Intergovernmental	70,000	70,000	58,102	(11,898)
Charges for services	53,200	53,200	19,000	(34,200)
Fines and forfeitures	710,000	710,000	595,953	(114,047)
Interest income	5,000	5,000	3	(4,997)
Contributions and donations	-	-	310	310
Miscellaneous	68,000	93,000	96,220	3,220
Total revenues	5,718,889	5,743,889	6,649,759	905,870
Expenditures				
Current:				
General government:				
Legislative	242,167	242,167	237,713	4,454
General administration	424,787	434,787	427,179	7,608
Total general government	666,954	676,954	664,892	12,062
Judicial:				
Municipal court	165,901	175,101	176,421	(1,320)
Public safety:				
Police administration	1,559,117	1,472,517	1,475,055	(2,538)
Custody of prisoners	323,291	323,291	298,767	24,524
Fire administration	1,558,303	1,558,303	1,511,238	47,065
Total public safety	3,440,711	3,354,111	3,285,060	69,051
Public works:				
Highways and streets	426,096	476,096	485,736	(9,640)
Maintenance and shop	108,312	108,312	108,740	(428)
Total public works	534,408	584,408	594,476	(10,068)
Culture and recreation:				
Community center	38,100	63,100	64,899	(1,799)
Sports facilities	-	-	1,412	(1,412)
Special activities	20,715	37,715	37,042	673
Parks administration	451,224	451,224	445,858	5,366
Total culture and recreation	510,039	552,039	549,211	2,828
Housing and development:				
Protective inspection	19,022	19,022	16,372	2,650
Planning and zoning	2,500	2,900	2,856	44
Code enforcement	36,827	36,827	28,656	8,171
Economic opportunity	4,000	4,000	676	3,324
Austell supermarket	-	-	336	(336)
Total housing and development	62,349	62,749	48,896	13,853

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures				
Debt service:				
Principal	20,805	20,805	20,805	-
Interest	849	849	849	-
Total debt service	21,654	21,654	21,654	-
Total expenditures	5,402,016	5,427,016	5,340,610	86,406
Excess of revenues over expenditures	316,873	316,873	1,309,149	992,276
Other financing sources (uses)				
Transfers in	-	-	445,942	445,942
Transfers out	(316,873)	(316,873)	(689,919)	(373,046)
Total other financing sources (uses)	(316,873)	(316,873)	(243,977)	72,896
Net change in fund balances	-	-	1,065,172	1,065,172
Fund balances, beginning of fiscal year	3,304,412	3,304,412	3,304,412	-
Fund balances, end of fiscal year	$ 3,304,412	$ 3,304,412	$ 4,369,584	$ 1,065,172

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ 285,000	$ 285,000	$ 2,033,500	$ 1,748,500
Total revenue	285,000	285,000	2,033,500	1,748,500
Expenditures				
Public safety	35,000	35,000	78,480	(43,480)
Public works	250,000	250,000	2,126,427	(1,876,427)
Total expenditures	285,000	285,000	2,204,907	(1,919,907)
Deficiency of revenues under expenditures	-	-	(171,407)	(171,407)
Other financing sources (uses)				
Transfers in	-	-	309,986	309,986
Transfers out	-	-	(148,921)	(148,921)
Total other financing sources (uses)	-	-	161,065	161,065
Net change in fund balances	-	-	(10,342)	(10,342)
Fund balances, beginning of fiscal year	10,342	10,342	10,342	-
Fund balances, end of fiscal year	$ 10,342	$ 10,342	$ -	$ (10,342)

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

CITY OF AUSTELL, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	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	6,609	358,976	249,467	15,745	630,797
Prepaid items	15,919	43,153	15,264	1,628	75,964
Inventory	-	21,155	-	-	21,155
Due from other funds	-	-	31,358	84	31,442
Total current assets	83,156	751,252	296,089	17,457	1,147,954
NONCURRENT ASSETS					
Capital Assets					
Nondepreciable	488,140	57,500	-	-	545,640
Depreciable assets	8,357,796	2,325,938	4,647,830	-	15,331,564
	8,845,936	2,383,438	4,647,830	-	15,877,204
Accumulated depreciation	(3,461,372)	(2,045,928)	(1,678,967)	-	(7,186,267)
Total capital assets	5,384,564	337,510	2,968,863	-	8,690,937
OTHER NONCURRENT ASSETS					
Other assets	-	18	-	-	18
Total other noncurrent assets	-	18	-	-	18
Total capital assets	5,384,564	337,528	2,968,863	-	8,690,955
Total assets	5,467,720	1,088,780	3,264,952	17,457	9,838,909
LIABILITIES					
CURRENT LIABILITIES					
Accrued liabilities	2,081	6,474	2,467	318	11,340
Due to other funds	649,966	184,803	-	-	834,769
Customer deposits payable	14,911	172,378	-	-	187,289
Unearned revenue - advance rents	34,819				34,819
Compensated absences	2,339	6,491	1,970	475	11,275
Total current liabilities	704,116	370,146	4,437	793	1,079,492
NONCURRENT LIABILITIES					
Compensated absences	5,458	15,146	4,596	1,108	26,308
Advances from other funds	4,131,000	-	-	-	4,131,000
Total noncurrent liabilities	4,136,458	15,146	4,596	1,108	4,157,308
Total liabilities	4,840,574	385,292	9,033	1,901	5,236,800
NET POSITION					
Investment in capital assets	5,384,564	337,510	2,968,863	-	8,690,937
Unrestricted (deficit)	(4,757,418)	365,978	287,056	15,556	(4,088,828)
Total net position	$ 627,146	$ 703,488	$ 3,255,919	$ 15,556	$ 4,602,109

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

CITY OF AUSTELL, GEORGIA

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

	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	$ -	$ 3,415,860	$ 360,387	$ 83,894	$ 3,860,141
Rent and royalties	1,116,721	-	-	-	1,116,721
Intergovernmental	1,471	-	-	-	1,471
Miscellaneous	-	1,698	-	-	1,698
Total operating revenues	1,118,192	3,417,558	360,387	83,894	4,980,031
OPERATING EXPENSES					
Personal services and employee benefits	246,451	857,109	242,468	35,307	1,381,335
Contractual services	168,326	195,894	52,365	91,333	507,918
Supplies	369,628	2,192,299	12,992	7,533	2,582,452
Depreciation and amortization	341,845	62,824	94,125	-	498,794
Total operating expenses	1,126,250	3,308,126	401,950	134,173	4,970,499
Operating income (loss)	(8,058)	109,432	(41,563)	(50,279)	9,532
NON-OPERATING EXPENSES					
Interest expense	(197,217)	-	-	-	(197,217)
Total non-operating expenses	(197,217)	-	-	-	(197,217)
Income (loss) before transfers	(205,275)	109,432	(41,563)	(50,279)	(187,685)
Transfers in	180,582	-	13,144	66,722	260,448
Transfers out	(54,412)	(363,071)	(109,990)	(15,420)	(542,893)
	126,170	(363,071)	(96,846)	51,302	(282,445)
Change in net position	(79,105)	(253,639)	(138,409)	1,023	(470,130)
Total net position, beginning of fiscal year, restated	706,251	957,127	3,394,328	14,533	5,072,239
Total net position, end of fiscal year	$ 627,146	$ 703,488	$ 3,255,919	$ 15,556	$ 4,602,109

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, 2013

	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	$ 1,110,598	$ 3,437,417	$ 439,310	$ 83,390	$ 5,070,715
Payments to suppliers	(353,840)	(2,215,651)	(104,776)	(99,541)	(2,773,808)
Payments to employees	(243,493)	(851,885)	(237,688)	(35,151)	(1,368,217)
Net cash provided by (used in) operating activities	513,265	369,881	96,846	(51,302)	928,690
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Advances from other funds	4,590,000	-	-	-	4,590,000
Transfers in from other funds	180,582	-	13,144	66,722	260,448
Transfers out to other funds	(54,412)	(363,071)	(109,990)	(15,420)	(542,893)
Net cash provided by (used in) non-capital financing activities	4,716,170	(363,071)	(96,846)	51,302	4,307,555
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on bonds payable	(4,905,000)	-	-	-	(4,905,000)
Interest paid	(309,860)	-	-	-	(309,860)
Purchases of capital assets	(14,575)	(6,810)	-	-	(21,385)
Net cash used in capital and related financing activities	(5,229,435)	(6,810)	-	-	(5,236,245)
Net increase (decrease) in cash	-	-	-	-	-
Cash, beginning of fiscal year	60,628	160,240	-	-	220,868
Cash, end of fiscal year	$ 60,628	$ 160,240	$ -	$ -	$ 220,868
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	$ (8,058)	$ 109,432	$ (41,563)	$ (50,279)	$ 9,532
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	341,845	62,824	94,125	-	498,794
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(5,459)	14,156	78,923	(504)	87,116
Increase in due from other funds	-	-	(31,358)	(84)	(31,442)
Increase in prepaid items	(6,852)	(13,019)	(8,061)	(591)	(28,523)
Decrease in inventory	-	758	-	-	758
Increase in accrued liabilities	1,258	1,841	1,442	113	4,654
Increase in due to other funds	190,966	184,803	-	-	375,769
Increase in compensated absences payable	1,700	3,383	3,338	43	8,464
Increase (decrease) in customer deposits payable	(2,670)	5,703	-	-	3,033
Increase in unearned revenue	535	-	-	-	535
Net cash provided by (used in) operating activities	$ 513,265	$ 369,881	$ 96,846	$ (51,302)	$ 928,690

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.

Based upon criteria set forth by Governmental Accounting Standards Board (GASB) 61 "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and 34," 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 2838 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 position 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 position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

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 the betterment of the community.

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.

In accounting and reporting for its proprietary operations, the City applies all GASB pronouncements. For the fiscal year ended June 30, 2013, the City implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA* Pronouncements. This statement incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989.

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 the Douglas County SPLOST Capital Projects Fund which has a project length budget. However, there was no original or amended annual budget adopted for the City's Public Assistance Grant Special Revenue Fund prior to June 30, 2013. 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 and advances 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, 2013, 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 position 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. Long-Term Obligations

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations (Continued)

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

M. Fund Equity and Net Position

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

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

Fund balances are classified as follows:

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

Restricted – Fund balances are reported as restricted when 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 and passage of an ordinance of the City Council. Only the City Council may modify or rescind the commitment by passage of a subsequent ordinance.

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. Only deficits in fund balances may be reported as unassigned fund balance in other governmental funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Equity and Net Position (Continued)

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.

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

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported 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.

O. 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 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Deferred Inflows of Resources

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

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $884,325 difference are as follows:

Capital leases payable	$	(782,588)
Compensated absences		(101,737)
Net adjustment to reduce *fund balance - total governmental funds to arrive at net position - governmental activities*	$	(884,325)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $726,414 difference are as follows:

Capital outlay	$	1,326,518
Depreciation expense		(600,104)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	726,414

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.

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.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (Continued)

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, 2013, 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, 2013:

Multiple Grants Fund departments:		
Public Safety	$	43,480
Public Works		1,876,427
Transfers Out		148,921
Austell Area Community Council Fund departments:		
General Government		20,100
Culture and Recreation		1,700
Capital Outlay		56,392
Hotel/Motel Tax Fund - Tourism and Economic Development		1,321
Cobb County SPLOST Fund - Public Safety		3,800
Cobb County SPLOST Fund - Public Works		667
Cobb County SPLOST Fund - Culture and Recreation		6,812
Cobb County SPLOST Fund - Transfers Out		14,575
Cobb County SPLOST Debt Service:		
Principal		49,456
Interest		887
General Fund departments:		
Judicial (Municipal Court)		1,320
Police Administration (Public Safety)		2,538
Highways and Streets (Public Works)		9,640
Maintenance and Shop (Public Works)		428
Community Center (Culture and Recreation)		1,799
Sports Facilities (Culture and Recreation)		1,412
Austell Supermarket (Housing and Development)		336
Transfers Out		373,046
Emergency Telephone System Fund - Transfers Out		89,645
Douglas County SPLOST Fund - Culture and Recreation		189

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

NOTE 4. DEPOSITS

Total deposits as of June 30, 2013 are summarized as follows:

Cash and cash equivalents	Amount
Cash and cash equivalents	$ 4,025,382
Certificates of Deposit	167,728
	$ 4,193,110

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, 2013, 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 January 8th. 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 inflows of resources when levied. Revenues are recognized when available.

For the City's Stormwater Enterprise Fund, residential stormwater fees are billed annually on the same date as the property tax bill as noted above and is attached to the property tax bill.

Receivables at June 30, 2013, 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	Multiple Grants Fund	Threadmill Complex Fund	Water & Sewer Fund	Stormwater Fund	Other Nonmajor Funds
Receivables:							
Taxes	$ 206,625	$ 210,938	$ -	$ -	$ -	$ -	$ 207
Accounts	27,539	-	-	7,609	576,848	249,467	31,790
Due from other governments	-	-	130,538	-	-	-	50,230
Other	20,787	-	-	-	-	-	-
Less allowance for uncollectible receivables	(43,403)	-	-	(1,000)	(217,872)	-	-
Net total receivable	$ 211,548	$ 210,938	$ 130,538	$ 6,609	$ 358,976	$ 249,467	$ 82,227

NOTE 6. CAPITAL ASSETS

Primary Government

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 1,961,661	$ -	$ -	$ -	$ 1,961,661
Construction in progress	156,347	26,859	-	(183,206)	-
Total	2,118,008	26,859	-	(183,206)	1,961,661
Capital assets, being depreciated:					
Buildings and improvements	5,067,978	266,297	-	89,554	5,423,829
Infrastructure	3,308,021	278,785	-	-	3,586,806
Furniture and fixtures	61,970	-	-	-	61,970
Machinery and equipment	1,163,819	151,872	-	75,025	1,390,716
Computer equipment	131,035	8,352	-	-	139,387
Vehicles	2,277,186	594,353	(112,000)	18,627	2,778,166
Total	12,010,009	1,299,659	(112,000)	183,206	13,380,874
Less accumulated depreciation for:					
Buildings and improvements	(2,482,751)	(146,767)	-	-	(2,629,518)
Infrastructure	(293,693)	(70,621)	-	-	(364,314)
Furniture and fixtures	(41,636)	(6,209)	-	-	(47,845)
Machinery and equipment	(874,351)	(127,218)	-	-	(1,001,569)
Computer equipment	(124,818)	(3,855)	-	-	(128,673)
Vehicles	(1,650,076)	(245,434)	112,000	-	(1,783,510)
Total	(5,467,325)	(600,104)	112,000	-	(5,955,429)
Total capital assets, being depreciated, net	6,542,684	699,555	-	183,206	7,425,445
Governmental activities capital assets, net	$ 8,660,692	$ 726,414	$ -	$ -	$ 9,387,106

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	6,376,410	6,810	-	6,383,220
Buildings and improvements	8,208,693	14,575	-	8,223,268
Machinery and equipment	364,158	-	(1,769)	362,389
Vehicles	348,879	-	-	348,879
Computer equipment	13,808	-	-	13,808
Total	15,311,948	21,385	(1,769)	15,331,564
Less accumulated depreciation for:				
Infrastructure	(3,066,387)	(142,590)	-	(3,208,977)
Buildings and improvements	(2,989,502)	(310,817)	-	(3,300,319)
Machinery and equipment	(297,859)	(17,194)	1,769	(313,284)
Vehicles	(349,879)	-	-	(349,879)
Computer equipment	(13,808)	-	-	(13,808)
Total	(6,717,435)	(470,601)	1,769	(7,186,267)
Total capital assets, being depreciated, net	8,594,513	(449,216)	-	8,145,297
Business-type activities capital assets, net	$ 9,140,153	$ (449,216)	$ -	$ 8,690,937

NOTE 6. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	$ 57,050
Public safety	227,660
Public works	168,616
Culture and recreation	146,778
Total depreciation expense - governmental activities	$ 600,104
Business-type activities:	
Threadmill complex	$ 313,652
Water and sewer	62,824
Stormwater	94,125
Total depreciation expense - business-type activities	$ 470,601

Austell Natural Gas System

	Beginning Balance	Increases	Deletions and Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	$ 415,568	$ 2,400	$ -	$ 417,968
Construction in progress	37,037	140,838	(150,725)	27,150
Total	452,605	143,238	(150,725)	445,118
Capital assets, being depreciated:				
Infrastructure	72,608,776	919,882	(53,458)	73,475,200
Furniture, fixtures, and equipment	2,333,791	283,312	(50,105)	2,566,998
Vehicles	1,139,673	90,506	(103,494)	1,126,685
Total	76,082,240	1,293,700	(207,057)	77,168,883
Less accumulated depreciation:	53,466,885	2,932,057	(207,057)	56,191,885
Total capital assets, being depreciated, net	22,615,355	(1,638,357)	-	20,976,998
Total capital assets, net	$ 23,067,960	$ (1,495,119)	$ (150,725)	$ 21,422,116

NOTE 7. OPERATING LEASES

The City is the lessor of office space at the Threadmill Complex. During fiscal year 2013, the City received $1,116,721 in operating lease revenue. The carrying value of the building and improvements of $5,384,564 (cost of $8,845,936 less accumulated depreciation of $3,461,372) 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 two (2) 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
2014	760,019
2015	760,019
2016	769,992
2017	789,939
2018	789,939
2019-2023	578,626
2024-2028	60,000
2029-2030	20,000

NOTE 8. LONG-TERM DEBT

Primary Government

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Governmental activities:					
Capital leases	$ 550,022	$ 513,532	$ (280,966)	$ 782,588	$ 265,916
Compensated absences	104,605	102,724	(105,592)	101,737	25,434
Governmental activities:					
Long-term liabilities	$ 654,627	$ 616,256	$ (386,558)	$ 884,325	$ 291,350

NOTE 8. LONG-TERM DEBT (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Business-type activities:					
Revenue bonds	$ 4,905,000	$ -	$ (4,905,000)	$ -	$ -
Less unamortized loss on refunding	(28,193)	-	28,193	-	-
	4,876,807	-	(4,876,807)	-	-
Compensated absences	29,119	45,605	(37,141)	37,583	11,275
Business-type activities:					
Long-term liabilities	$ 4,905,926	$ 45,605	$ (4,913,948)	$ 37,583	$ 11,275

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.

During the current fiscal year 2013, the City authorized an interfund agreement to advance $4,590,000 from its Austell Area Community Fund to its Threadmill Complex Fund for the purpose of retiring the outstanding balance of the Threadmill Complex Fund's revenue bonds. Therefore, the City is showing no outstanding revenue bonds for its Threadmill Complex (or business-type activities) as of June 30, 2013.

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, 2013, the City had assets with a net book value of $916,557 (asset value of $1,105,863 less accumulated depreciation of $189,296) under capital leases.

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

	Governmental Activities
Fiscal Year Ending June 30,	
2014	$ 287,571
2015	287,571
2016	250,210
Total minimum lease payments	825,352
Less amount representing interest	42,764
Total value of capital leases payable at fiscal year-end.	$ 782,588

NOTE 8. LONG-TERM DEBT (Continued)

Austell Natural Gas System

Long-term liability activity for the fiscal year ended July 31, 2013, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Revenue bonds	$ 6,615,000	$ -	$ (1,495,000)	$ 5,120,000	$ 1,545,000
Capital leases	32,473	-	(32,473)	-	-
Net OPEB obligation	81,723	57,601	(25,764)	113,560	-
Compensated absences	338,987	550,988	(515,959)	374,016	374,016
Total long-term liabilities	$ 7,068,183	$ 608,589	$ (2,069,196)	$ 5,607,576	$ 1,919,016

Revenue Bonds. The Austell Natural Gas System ("the System") has issued various revenue bonds to finance the expansion and improvement of the gas utility plant. The outstanding issues are as follows:

Issuance	Interest Rate	Term	Due Date	Original Amount	Amount Outstanding
Series 2004	3.50%	11 years	2015	$ 5,000,000	$ 2,300,000
Series 2006	4.02%	15 years	2021	6,000,000	2,820,000
				$ 11,000,000	$ 5,120,000

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

Fiscal Year Ending July 31,	Principal	Interest	Total
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	485,000	42,612	527,612
2019-2021	575,000	25,929	600,929
Total	$ 5,120,000	$ 540,736	$ 5,660,736

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Cobb County SPLOST Fund	$ 522,945
General Fund	Austell Area Community Council Fund	108,820
General Fund	Threadmill Complex Fund	4,380
General Fund	Water and Sewer Fund	184,803
General Fund	Multiple Grants Fund	28,979
General Fund	Nonmajor governmental funds	29,072
Stormwater Fund	General Fund	31,358
Nonmajor enterprise fund	General Fund	84
Nonmajor governmental funds	General Fund	62,815
Austell Area Community Council Fund	Threadmill Complex Fund	631,011
		$ 1,604,267

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.

Advances from/to other funds are as follows:

Receivable Fund	Payable Fund	Amount
Austell Area Community Council Fund	Threadmill Complex Fund	$ 4,131,000

During fiscal year 2013, the City authorized an interfund agreement between the Austell Area Community Council Fund (AACC) and its Threadmill Complex Fund in which the AACC Fund advanced $4,590,000 to the Threadmill Complex Fund in order to pay off its outstanding revenue bonds. The Threadmill Complex Fund will repay the balance (plus interest) over nine (9) years commencing on September 1, 2013 and ending on September 1, 2022. Interest rates range from 3% to 4%. As of June 30, 2013, $459,000 (which represents principal due on September 1, 2013) has been reclassed as a due to/from other funds for these two funds.

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

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Primary government - General Fund	Component Unit - Austell Natural Gas System	$ 3,442,877
		$ 3,442,877

At June 30, 2013, Austell Natural Gas System owed the primary government $3,442,877. However, the Gas System reported a payable of $3,580,658. The difference is a result of the Gas System's fiscal year-end being July 31, 2013 and reporting $137,781 of July 2013 fees due to the primary government.

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Water & Sewer Fund	$ 12,979
General Fund	Stormwater Fund	109,990
General Fund	Threadmill Complex Fund	54,412
Threadmill Complex Fund	Cobb County SPLOST Fund	14,575
General Fund	Multiple Grants Fund	148,921
General Fund	Nonmajor governmental funds	89,645
General Fund	Nonmajor enterprise fund	15,420
Nonmajor enterprise fund	Water & Sewer Fund	66,722
Stormwater Fund	Water & Sewer Fund	13,144
Threadmill Complex Fund	Water & Sewer Fund	180,582
Nonmajor governmental funds	Water & Sewer Fund	89,644
Multiple Grants Fund	General Fund	309,986
Nonmajor governmental funds	General Fund	379,933
		$ 1,485,953

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.

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, 2013, the date of the most recent actuarial valuation, there were 151 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	27
Terminated vested participants not yet receiving benefits	30
Active employees - vested	67
Active employees - nonvested	27
Total	151

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 2013, the actuarially determined contribution rate was 9.92% of covered payroll.

NOTE 10. PENSION PLANS (Continued)

Funding Policy (Continued)

For fiscal year 2013, the City's recommended contribution was $342,726. Actual contributions totaled $342,726. The recommended contribution was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include a 7.75% rate of return on investments, a 3.5% inflation rate 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
1/1/2013	$ 6,793,975	$ 7,252,168	$ 458,193	93.68 %	$ 3,577,136	12.81 %

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.

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, 2012 (actuarial evaluation date applicable for fiscal year June 30, 2013).

NOTE 10. PENSION PLANS (Continued)

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2013	$ 342,726	$ 342,726	100 %	$ -
2012	320,778	320,778	100	-
2011	347,439	347,439	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, 2013, there were 16 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, 2013 were $51,415.

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.

NOTE 13. RISK MANAGEMENT (CONTINUED)

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.

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 $2,732 for the fiscal year ended June 30, 2013. Of this amount, 62.5%, or $1,708, was 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 debt service requirements of the Authority. Of the amount remitted to the Authority, the City will obtain a reimbursement of 40%.

NOTE 15. HOTEL/MOTEL LODGING TAX (CONTINUED)

The City expended $4,521, 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. CHANGES IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City is required to change its accounting treatment of debt issuance costs. The new standard requires that debt issuance costs be recognized as an expense in the period incurred rather than capitalized and recognized as an expense (amortized) in a systematic and rational manner over the duration of the related debt as was the required treatment in prior reporting periods.

Therefore, in conjunction with the implementation of Statement No. 65, the following restatement was required to the beginning net position of the Threadmill Complex Fund and Business-type Activities to properly recognize debt issuance costs as an expense in the periods in which they were incurred:

	Threadmill Complex Fund	Business-type Activities
Net Position, as previously reported	$ 780,001	$ 5,145,989
Recognition of bond issuance costs incurred in prior periods	(73,750)	(73,750)
Beginning Net Position, as restated	$ 706,251	$ 5,072,239

In conjunction with the implementation of Statement No. 65, the following restatement was required to the beginning net position of the City's discretely presented component unit, Austell Natural Gas System, to properly recognize debt issuance costs as expenses in the periods in which they were incurred:

Net position, as previously reported	$ 48,388,991
Recognition of issuance costs incurred in prior periods	(85,305)
Beginning net position, as restated	$ 48,303,686

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)
1/1/2013	$ 6,793,975	$ 7,252,168	$ 458,193	93.7%	$ 3,577,136	12.81%
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%

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, 2013

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	$ 30,000	$ 48,206	$ -	$ 232	$ 5,132	$ 83,570
Accounts receivable	-	16,045	-	-	-	16,045
Taxes receivable	-	-	-	207	-	207
Due from other governments	-	-	50,230	-	-	50,230
Due from other funds	-	-	57,815	5,000	-	62,815
Prepaid items	-	21,466	-	-	-	21,466
Total assets	$ 30,000	$ 85,717	$ 108,045	$ 5,439	$ 5,132	$ 234,333
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ 565	$ -	$ 565
Accrued liabilities	-	3,077	-	-	-	3,077
Due to other funds	-	29,072	-	-	-	29,072
Due to other governments	-	-	108,045	-	-	108,045
Due to others	21,888	-	-	-	-	21,888
Total liabilities	21,888	32,149	108,045	565	-	162,647
FUND BALANCES						
Nonspendable for:						
Prepaid items	-	21,466	-	-	-	21,466
Restricted for:						
Capital construction	-	-	-	-	5,132	5,132
Law enforcement activities	8,112	-	-	-	-	8,112
Public safety activities	-	32,102	-	-	-	32,102
Tourism and economic development	-	-	-	4,874	-	4,874
Total fund balances	8,112	53,568	-	4,874	5,132	71,686
Total liabilities and fund balances	$ 30,000	$ 85,717	$ 108,045	$ 5,439	$ 5,132	$ 234,333

CITY OF AUSTELL, GEORGIA

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

	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	$ -	$ -	$ -	$ 2,732	$ -	$ 2,732
Charges for services	-	118,520	-	-	-	118,520
Fines and forfeitures	656	-	-	-	-	656
Miscellaneous	-	-	-	701	-	701
Total revenues	656	118,520	-	3,433	-	122,609
Expenditures						
Current						
Public safety	139	455,728	-	-	-	455,867
Tourism and economic development	-	-	-	4,521	-	4,521
Culture and recreation	-	-	-	-	189	189
Total expenditures	139	455,728	-	4,521	189	460,577
Excess (deficiency) of revenues over (under) expenditures	517	(337,208)	-	(1,088)	(189)	(337,968)
Other financing sources (uses)						
Transfers in	-	406,517	63,060	-	-	469,577
Transfers out	-	(89,645)	-	-	-	(89,645)
Total other financing sources	-	316,872	63,060	-	-	379,932
Net change in fund balances	517	(20,336)	63,060	(1,088)	(189)	41,964
Fund balances (deficit), beginning of fiscal year	7,595	73,904	(63,060)	5,962	5,321	29,722
Fund balance, end of fiscal year	$ 8,112	$ 53,568	$ -	$ 4,874	$ 5,132	$ 71,686

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Fines and forfeitures	$ 5,000	$ 5,000	$ 656	$ (4,344)
Total revenue	5,000	5,000	656	(4,344)
Expenditures				
Public safety	5,000	5,000	139	4,861
Total expenditures	5,000	5,000	139	4,861
Excess of revenues over expenditures	-	-	517	517
Net change in fund balances	-	-	517	517
Fund balances, beginning of fiscal year	7,595	7,595	7,595	-
Fund balances, end of fiscal year	$ 7,595	$ 7,595	$ 8,112	$ 517

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Charges for services	$ 124,000	$ 124,000	$ 118,520	$ (5,480)
Total revenue	124,000	124,000	118,520	(5,480)
Expenditures				
Public safety	530,715	530,715	455,728	74,987
Total expenditures	530,715	530,715	455,728	74,987
Deficiency of revenues under expenditures	(406,715)	(406,715)	(337,208)	69,507
Other financing sources (uses)				
Transfers in	406,515	406,515	406,517	2
Transfers out	-	-	(89,645)	(89,645)
Total other financing sources (uses)	406,515	406,515	316,872	(89,643)
Net change in fund balances	(200)	(200)	(20,336)	(20,136)
Fund balances, beginning of fiscal year	73,904	73,904	73,904	-
Fund balances, end of fiscal year	$ 73,704	$ 73,704	$ 53,568	$ (20,136)

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Other financing sources				
Transfers in	$ -	$ -	$ 63,060	$ 63,060
Net change in fund balances	-	-	63,060	63,060
Fund balances (deficits), beginning of fiscal year	(63,060)	(63,060)	(63,060)	-
Fund balances (deficits), end of fiscal year	$ (63,060)	$ (63,060)	$ -	$ 63,060

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 3,200	$ 3,200	$ 2,732	$ (468)
Miscellaneous	-	-	701	701
Total revenue	3,200	3,200	3,433	233
Expenditures				
Tourism and economic development	3,200	3,200	4,521	(1,321)
Total expenditures	3,200	3,200	4,521	(1,321)
Net change in fund balances	-	-	(1,088)	(1,088)
Fund balances, beginning of fiscal year	5,962	5,962	5,962	-
Fund balances, end of fiscal year	$ 5,962	$ 5,962	$ 4,874	$ (1,088)

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Sales and excise taxes	$ 1,168,047	$ 1,168,047	$ 1,269,209	$ 101,162
Interest income	-	-	23	23
Total revenue	1,168,047	1,168,047	1,269,232	101,185
Expenditures				
Current:				
Public safety	-	-	3,800	(3,800)
Public works	-	-	667	(667)
Culture and recreation	-	-	6,812	(6,812)
Capital outlays	1,390,599	1,390,599	1,180,743	209,856
	1,390,599	1,390,599	1,192,022	198,577
Debt service:				
Principal	210,705	210,705	260,161	(49,456)
Interest	16,972	16,972	17,859	(887)
Total debt service	227,677	227,677	278,020	(50,343)
Total expenditures	1,618,276	1,618,276	1,470,042	148,234
Deficiency of revenues under expenditures	(450,229)	(450,229)	(200,810)	249,419
Other financing sources (uses)				
Capital leases	450,229	450,229	513,532	63,303
Transfers out	-	-	(14,575)	(14,575)
Total other financing sources (uses)	450,229	450,229	498,957	48,728
Net change in fund balances	-	-	298,147	298,147
Fund balances, beginning of fiscal year	1,727,841	1,727,841	1,727,841	-
Fund balances, end of fiscal year	$ 1,727,841	$ 1,727,841	$ 2,025,988	$ 298,147

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Interest income	$ 35,000	$ 35,000	$ 118,659	$ 83,659
Total revenue	35,000	35,000	118,659	83,659
Expenditures				
Current:				
General government	35,000	35,000	55,100	(20,100)
Culture and recreation	-	-	1,700	(1,700)
Capital outlays	-	-	56,392	(56,392)
Total expenditures	35,000	35,000	113,192	(78,192)
Net change in fund balances	-	-	5,467	5,467
Fund balances, beginning of fiscal year	5,480,313	5,480,313	5,480,313	-
Fund balances, end of fiscal year	$ 5,480,313	$ 5,480,313	$ 5,485,780	$ 5,467

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures				
Culture and recreation	$ -	$ -	$ 189	$ (189)
Total expenditures	-	-	189	(189)
Net change in fund balances	-	-	(189)	(189)
Fund balances, beginning of fiscal year	5,321	5,321	5,321	-
Fund balances, end of fiscal year	$ 5,321	$ 5,321	$ 5,132	$ (189)

CITY OF AUSTELL, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Douglas County Special Purpose Local Option Sales Tax	Estimated Cost		Expenditures		
Project	Original	Revised	Prior Fiscal Years (1)	Current Fiscal Year	Total
Park improvements	$ 522,094	$ 522,094	$ 521,905	$ 189	$ 522,094
	$ 522,094	$ 522,094	$ 521,905	$ 189	$ 522,094

(1) Prior fiscal year actual amount has been revised to reflect the correct amount of prior fiscal year SPLOST expenditures. Initially, prior fiscal year amounts incorrectly included expenditures which were funded by other sources other than SPLOST funding.

CITY OF AUSTELL, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Cobb County Special Purpose Local Option Sales Tax	Estimated Cost		Expenditures		
Project	Original	Revised	Prior Fiscal Years	Current Fiscal Year	Total
Roads, streets, curbs, gutters, and sidewalks	$ 5,540,132	$ 5,540,132	$ 1,508,717	$ 1,195,318	$ 2,704,035
Public safety radio system	160,334	160,334	156,742	-	156,742
Administrative charges	-	-	8	-	8
	$ 5,700,466	$ 5,700,466	$ 1,665,467	$ 1,195,318	$ 2,860,785

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:

Public safety expenditures	$ 3,800
Public works expenditures	667
Culture and recreation expenditures	6,812
Capital outlay	1,180,743
Principal and interest payments made on capital leases used for purchases of assets in current and prior years	278,020
Transfers out (1)	14,575
	$ 1,484,617

(1) The transfer out from the SPLOST Fund to the Threadmill Complex Fund was for capital projects undergone around the Threadmill Complex 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 **62**

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 **69**

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

Debt Capacity **75**

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 **80**

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 **83**

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. 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. Fiscal year 2013 was the first fiscal year of implementation of GASB 63 and 65.

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

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012 (Restated)**	**2013**
Governmental activities										
Net investment in capital assets	$ 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	$ 8,604,518
Restricted	(922,291)	102,741	280,049	551,645	749,840	678,812	845,779	7,051,332	7,290,614	7,561,988
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	4,567,337
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	$ 20,733,843
Business-type activities										
Net investment in capital assets	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	8,690,937
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	808,893	(4,074,253)
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	5,072,239	4,616,684
Primary government										
Net investment in capital assets	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	17,295,455
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	7,561,988
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	4,134,462	493,084
Total primary government net position	$ 13,541,964	$ 18,015,863	$ 20,761,407	$ 22,235,577	$ 24,000,835	$ 24,370,305	$ 24,671,221	$ 24,390,590	$ 23,799,092	$ 25,350,527

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

SCHEDULE 2
CITY OF AUSTELL, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
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	$ 8,579,080
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	5,167,716
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	13,746,796
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	4,369,053
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	4,980,031
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	9,349,084
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)	(4,210,027)
Business-type activities	(929,121)	107,052	(569,932)	(215,733)	15,143	(376,254)	(304,790)	(345,004)	(99,690)	(187,685)
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)	(4,397,712)
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	6,217,017
Business-type activities	218,585	(481,733)	108,696	1,708,589	(79,249)	684,358	147,292	196,652	140,438	(267,870)
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	5,949,147
Change in Net Position										
Governmental activities	1,219,958	1,271,410	3,206,780	(18,686)	1,829,364	61,366	458,414	(132,279)	(558,496)	2,006,990
Business-type activities	(710,536)	(374,681)	(461,236)	1,492,856	(64,106)	308,104	(157,498)	(148,352)	40,748	(455,555)
Total primary government	$ 509,422	$ 896,729	$ 2,745,544	$ 1,474,170	$ 1,765,258	$ 369,470	$ 300,916	$ (280,631)	$ (517,748)	$ 1,551,435

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008 (1) (2) (3)	2009	2010	2011	2012	2013
Governmental Activities:										
General government	$ 404,511	$ 633,071	$ 671,671	$ 647,899	$ 744,984	$ 888,240	$ 1,525,256	$ 1,718,896	$ 807,178	$ 773,771
Judicial	-	-	-	-	-	-	137,650	174,291	166,459	176,421
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	3,986,386
Public works	674,672	1,088,348	641,166	795,335	844,996	962,216	1,272,445	1,806,147	1,763,851	2,890,186
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	680,191
Tourism and economic development	-	-	-	-	3,398	2,934	3,090	4,888	4,673	4,521
Housing and development	228,029	189,905	132,379	165,942	38,607	88,779	78,286	79,340	49,761	48,896
Interest on long-term debt	10,274	2,217	18,432	10,906	23,149	10,726	6,686	7,333	1,664	18,708
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	8,579,080
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	1,323,467
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	3,308,126
Stormwater	-	-	-	-	-	-	378,725	304,530	290,936	401,950
Solid waste	-	-	-	-	-	-	118,098	141,446	149,185	134,173
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	5,167,716
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	$ 13,746,796

Source: City's comprehensive annual financial reports for each applicable fiscal year.
(1) During fiscal year 2008, the City began reporting its solid waste management activities separate from its public works activities.
(2) During fiscal year 2008, the City also began recording expenditures previously recorded under health and welfare as General government expenditures.
(3) 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 TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Governmental Activities:										
Charges for services:										
General government	$ 630,906	$ 23,767	$ 53,789	$ 62,986	$ -	$ -	$ 55,821	$ 3,675	$ 5,938	$ 7,969
Judicial	-	-	-	-	-	-	660,810	437,067	526,675	596,609
Public safety	110,014	722,435	697,378	832,195	727,633	733,632	117,046	136,493	123,571	130,805
Public works	83,470	78,794	79,510	78,202	-	-	64,381	21,513	18,942	19,419
Solid waste management	-	-	-	-	80,009	89,693	2,898	4,056	3,758	3,910
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	310
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	3,610,031
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	4,369,053
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	1,118,192
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	3,417,558
Stormwater	-	-	-	-	-	-	34,719	171,224	337,877	360,387
Solid Waste	-	-	-	-	-	-	82,837	82,215	83,641	83,894
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	4,980,031
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	$ 9,349,084

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

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

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Governmental activities:										
Taxes										
Property Taxes	$ 737,611	$ 540,875	$ 673,147	$ 618,953	$ 688,309	$ 709,691	$ 706,063	$ 588,691	$ 585,391	$ 651,736
Sales and Use Taxes	213,660	202,629	267,070	486,437	544,844	400,115	48,270	49,723	55,388	19,013
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	5,022,783
Other Taxes	342,662	328,916	538,957	530,417	543,263	555,630	543,458	523,631	137,457	144,820
Penalties and Interest	10,035	1,867	762	6,926	3,439	11,927	3,770	16,446	2,321	13,871
Unrestricted investment earnings	247,933	205,282	234,663	282,358	304,526	213,824	127,806	12,060	4,253	3
Miscellaneous	200,295	352,955	12,209	33,848	-	630	161,309	264,452	73,275	96,921
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)	267,870
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	6,217,017
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	(267,870)
Total Business-type Activities	218,585	9,851	108,696	1,708,589	(79,249)	684,358	147,292	196,652	140,438	(267,870)
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	$ 5,949,147

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	$ 47,367	$ 40,981	$ 55,747	$ 241,367	$ 256,249	$ 364,276	$ 232,944			
Unreserved	830,149	3,618,450	3,081,035	3,357,429	4,117,783	3,967,587	4,383,560			
Total General Fund	$ 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	(515,828)	(57,408)	(180,669)	35,525	182,184	107,249	190,472			
Capital projects funds	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	$ 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	$ 191,654
Inventory								5,187	-	-
Assigned								32,302	-	-
Unassigned								3,906,885	3,170,763	4,163,355
Total General Fund								$ 4,033,619	$ 3,304,412	$ 4,355,009
All Other Governmental Funds										
Nonspendable for:										
Prepaid items								$ 13,097	$ 20,664	$ 21,466
Advances to other funds								-	-	4,131,000
Restricted for:										
Capital construction								6,745,122	7,223,817	3,385,900
Law enforcement activities								6,312	7,595	8,112
Public safety activities								292,961	53,240	32,102
Tourism and economic development								6,937	5,962	4,874
Unassigned (deficit)								(114,255)	(63,060)	-
Total all other governmental funds								$ 6,950,174	$ 7,248,218	$ 7,583,454

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	$ 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	$ 5,858,320
Licenses and permits	340,053	395,745	411,117	445,045	24,455	14,335	66,212	23,344	22,550	24,583
Fines and forfeitures	622,848	603,044	591,432	716,700	573,250	567,212	660,810	437,067	526,675	596,609
Charges for services	205,522	204,052	192,149	207,774	225,598	255,588	173,934	142,393	129,659	137,520
Intergovernmental	245,646	173,506	1,445,749	568,922	438,042	244,025	861,803	2,026,232	1,517,312	3,360,811
Investment earnings	247,933	205,282	234,665	282,919	304,525	216,014	129,056	96,358	51,245	118,685
Penalties and interest	10,035	1,867	762	-	3,436	11,927	-	-	-	-
Contributions and donations	-	360,000	1,538	3,460	1,070	550	604	2,018	576	310
Miscellaneous	641,772	60,157	57,764	85,853	59,712	68,637	161,309	264,452	73,275	96,921
Total Revenues	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	10,193,759
Expenditures										
Current -										
General government	376,556	605,935	649,922	598,144	669,486	796,164	1,521,556	1,423,125	783,171	719,992
Public safety	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	3,823,207
Judicial	127,211	126,724	138,145	150,763	151,108	149,780	137,645	174,265	166,459	176,421
Public works	560,748	1,066,161	772,453	784,028	713,133	791,490	1,243,849	1,812,906	2,018,153	2,721,570
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	4,521
Culture and recreation	611,186	526,761	625,733	465,344	523,705	583,853	676,223	660,151	843,309	557,912
Housing and development	736,674	131,033	73,505	107,068	42,006	93,977	78,286	79,340	49,761	48,896
Capital Outlay	763,951	461,697	1,782,049	1,153,925	1,156,909	580,624	245,472	60,172	1,942	1,237,135
Debt Service -										
Principal	10,274	206,523	196,818	238,836	149,121	175,550	144,309	123,135	19,989	280,966
Interest		2,217	13,419	11,014	13,457	20,320	11,690	7,333	1,664	18,708
Total Expenditures	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	9,589,328
Excess (deficiency) of revenues over (under) expenditures	44,857	(461,405)	(880,000)	3,030,707	834,763	516,634	292,465	(227,087)	(835,080)	604,431
Other financing sources (uses)										
Proceeds from long-term debt	513,030	513,030	113,450	242,434	298,000	-	60,000	-	529,217	513,532
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	1,210,930
Transfers out	(2,446,663)	(2,446,663)	-	(1,697,026)	-	(677,197)	(1,189,852)	(1,233,547)	(811,595)	(943,060)
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	781,402
Net Change in Fund Balance	$ 1,617,086	$ 1,110,824	$ (766,550)	$ 1,588,340	$ 1,218,883	$ (160,563)	$ 467,295	$ (366,656)	$ (431,163)	$ 1,385,833
Debt Service as a Percentage of Noncapital Expenditures	0.18%	3.31%	3.68%	4.29%	2.66%	3.02%	2.04%	1.59%	0.28%	3.59%

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
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
2013	5,858,320	24,583	3,360,811	137,520	596,609	118,685	310	96,921	10,193,759

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
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
2012/2013	67,459,717	43,204,843	33,676,562	213,288	12,998,120	2,477,617	155,074,913	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
2012/2013	4.00	10.91	18.90	0.15	33.96

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

	2013			2004		
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	9,188,694	1	40.8%			
Sweetwater Paper Board Co.	6,735,781	2	29.9%			
Star Paper Tube, Inc	1,127,760	3	5.0%			
Sweetwater Lumber & Land Inc.	1,049,466	4	4.7%			
Reserve Alloys LLC	846,391	5	3.8%			
Efficiency Lodge, Inc	811,577	6	3.6%			
CCF Georgia Assets	758,216	7	3.4%			
Shea Traylor JV	683,254	8	3.0%			
K & A Development LLC	660,048	9	2.9%			
2989 Humphries Rd LLC	650,000	10	2.9%			
Caraustar				1,332,342	1	47.6%
Veterans Oil, Inc				384,055	2	13.7%
Zamarron Graciela A & Samuel N				254,108	3	9.1%
Sing Haimwantee & Chaterbesal				228,880	4	8.2%
Bullard C Gary				139,200	5	5.0%
Ladipo Joi Wright & Adedeji				95,860	6	3.4%
Allen David A & Loyd Tom P				95,784	7	3.4%
Pittman Maurine Trustee				91,068	8	3.3%
Hubert Williams Properties				90,596	9	3.2%
Strozier D'Andrea				88,244	10	3.2%
Total	$ 22,511,187		100%	$ 2,800,137		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
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%
2013	490,784	453,683	92.4%	-	453,683	92.4%

Source: Cobb County Tax Commissioners Office

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

Franchise Tax & Ownership Fees	Current Year Percentage of Gross Sales	2013 Revenue	2008 Revenue
Austell Gas System (ownership)	8%	$ 3,990,999	$ 4,044,804
Georgia Power	5%	475,274	407,535
Greystone Power	5%	30,280	51,073
Comcast Cable TV	5%	44,734	40,404
AT&T	3%	45,914	74,641
Total		$ 4,587,201	$ 4,618,457

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			
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
2013	782,588	-	-	-	782,588	0.29%	115

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, 2013

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct General Obligation Debt:	-	-	-
Overlapping General Obligation Debt:			
Cobb County General Obligation Debt	$ 33,375,000	1%	$ 333,750
Cobb County School District	67,000,000	1%	670,000
Total, General Obligation Debt			1,003,750
Overlapping Guaranteed Revenue Debt:			
Cobb County Recreation Authority	-	1%	-
Cobb County Administration Building Project	9,990,000	1%	99,900
Downtown Marietta Development Authority	46,785,000	1%	467,850
Cobb County Solid Waste Management Authority	4,050,000	1%	40,500
Total, overlapping revenue debt	$ 161,200,000	1%	$ 1,612,000
City Direct Debt:			
Capital Lease			$ 782,588
			$ 782,588

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	$ 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	$ 15,507,491
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 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	$ 15,507,491
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	
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	0.80
2006	2,718,683	2,445,933	272,750	175,000	32,625	1.80
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	-	-	-
2013	3,415,860	3,245,302	170,558	-	-	-

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 TEN 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
2013	1,116,721	784,405	332,316	-	-	-

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 and paid off in Fiscal Year 2013.

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
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%
2013	6,782	257,695,654	37,997	7.7%

Source: Woods & Poole Economics 2012 Data Pamphlet

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

	2013			2004		
Employer	**Number of Employees**	**% of Total Employment**	**Rank**	**Number of Employees**	**% of Total Employment**	**Rank**
Austell Boxboard	355	9.6%	1	355	9.6%	1
National Envelope	--	--	--	230	6.2%	3
Carustar Industries	120	3.2%	2	120	3.2%	2
Venture Homes	--	--	--	100	2.7%	4
Old Fashion Foods	95	2.6%	3	95	2.6%	5
Carustar Corp	87	2.3%	4	--	--	--
Sweetwater Paper Company	87	2.3%	5	--	--	--
Garda CL Southeast, Inc.	83	2.2%	6	87	2.2%	6
Fat Cats Grill & Game Room	--	--	--	83	2.1%	7
Wade Heating & Air	--	--	--	67	1.8%	8
Parsec,Inc.	65	1.8%	7	49	1.3%	9
Mayo Compay	--	--	--	--	--	--
Wallace Barbeque	32	0.9%	8	39	1.1%	10
Kassaus	29	0.8%	9	--	--	--
Better Optics	22	0.6%	10	--	--	--
Total Employees	975			1,225		

Source: City's Occupational Tax database

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Management services	4	5	4	4	4	4	4	4	4	4
Finance	5	5	3	3	3	1	1	1	1	1
Planning	-	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-
Public Safety	45	48	52	50	50	54	53	55	55	55
Municipal court	2	2	2	2	3	3	3	3	3	3
Highways and streets	2	2	2	2	2	3	3	3	3	4
Parks and recreation	3	3	3	3	3	3	3	3	3	3
Water	2	2	2	2	2	4	4	4	4	4
Public Works	14	14	14	14	14	14	14	15	16	16
Threadmill	10	10	10	10	10	10	10	10	10	10
Total	87	91	92	90	91	96	95	98	99	100

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

Function / Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Municipal Court										
Citations issued	5,309	5,553	7,082	6,869	6,243	5,540	4,660	3,726	4,561	4,997
Traffic violations	5,021	5,209	6,704	6,940	5,304	5,046	4,657	3,301	4,367	4,773
Shoplifting violations	4	5	1	3	2	10	3	9	-	-
Refuse collections										
Refuse collected (tons per day)	1.73	2.61	2.61	1.85	1.90	1.90	1.90	1.90	2.25	2.25
Public Works										
Streets resurfaced (miles)	1	1	-	2	2	2	2	2	-	-
Water										
New connections	93	2	2	2	-	-	-	-	-	-
Average daily consumption	1,057,441	1,129,799	1,238,601	996,861	988,620	900,219	942,472	881,298	890,000	910,000
Stormwater										
Miles of streets swept	5	5	5	6	8	8	8	8	50	102
Storm drains cleaned	303	398	398	410	450	450	450	450	450	582

Sources: Various City Departments

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

Function / Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public works										
Paved roads (miles)	50.0	52.0	54.0	55.3	55.3	55.3	55.3	55.3	55.3	55.3
Streetlights	758.0	759.0	759.0	777.0	780.0	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	8.0	10.0	11.0	11.0	11.0	12.0
Acreage	36.7	36.7	36.7	36.7	36.7	38.7	39.0	39.0	39.0	39.0
Playgrounds	54.0	50.0	50.0	7.0	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)	24.0	26.6	26.6	41.0	36.1	36.1	36.1	36.1	36.1	36.1
Number of service connections	2,215	2,418	2,495	2,551	2,551	2,592	2,464	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	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Stormwater										
Storm sewers (miles)	28.0	30.6	30.6	50.0	52.0	52.0	52.0	52.0	52.0	52.0

Source: City of Austell Public Works Department