



City of Austell, Georgia

Comprehensive Annual Financial Report

For the

**Fiscal Year Ended
June 30, 2011**

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, 2011

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INTRODUCTORY SECTION
(Unaudited)



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December 30, 2011

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, 2011 is submitted herewith. The accuracy of the presented data; as well as, the completeness and fairness of the presentation, including all disclosures, is the sole responsibility of the management of the Finance Department.

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

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

The City is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 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 year, the City has experienced a substantial economic decline. Due to factors including but not limited to an increase in foreclosures, decrease in business activity and increases in unemployment, the City is planning for any unforeseen contingencies. Declining housing markets combined with property loss from the flood in September 2009, will continue to have a sharp negative impact on the City's budget for future years. Property taxes have already dropped approximately 25%. Ownership fees, which are calculated on the gross sales of natural gas, have dropped as well because natural gas prices have declined.

Major Initiatives

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

The City has prepared a Capital Improvements Program, which summarizes the City's long-term capital needs. These are capital requests that will enable the City to continue its commitments to improving both the quality and quantity of services offered to its citizens. The plan addresses proposed facility improvements, road and sidewalk improvements, recreational improvements and operating equipment needs. The Downtown Development project continued progress in Fiscal Year 2011 and will embark on Phase II of the LCI Streetscapes grant program in Fiscal Year 2012.

Sanitation

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

Financial Highlights

The estimated total value of the 2010 City's tax digest decreased 11.3% from the 2009 digest. This is primarily due to reassessments of property by Cobb County in January, 2010. The 2011 digest is expected to decrease substantially due to economic conditions of the housing market and the 2009 flood. The City continues to maintain the millage rate at 3.12.

Financial Information Accounting System and Budgetary Control

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with 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 911 Telephone Fund, Confiscated Assets Fund, Hotel/Motel Tax Fund, Multiple Grants Fund, Public Assistance Grant Fund, Austell Area Community Council 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. Second, the City is planning to replace antiquated communications equipment in the E911 Call Center and purchase a new fire truck with SPLOST funds. Finally, the City is committed to expanding its largest park over the next two years. This will be funded in part by CDBG grants through Cobb County.

Other Information

Management's 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. Generally accepted accounting standards 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 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

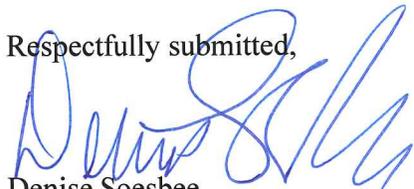
The Government Finance Officers Association (GFOA) awarded a "Certificate of Achievement" for Excellence in Financial Report" to the City of Austell for its comprehensive financial report for fiscal year ended June 30, 2010. This represents the thirteenth year the City has received this prestigious award. 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. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the City and all its departments. We would like to express our appreciation to all members of the City who assisted and contributed to the preparation of this report.

Due credit should also be given to the Mayor and Governing Council for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,



Denise Soesbee
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Austell
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Davison

President

Jeffrey R. Emer

Executive Director



City of Austell, Georgia

Principal Officials

MAYOR

Joe Jerkins

CITY COUNCIL

Kirsten Anderson
Ward 1

Martin Standard
Ward 3

Scott S. Thomas
Ward 2

Virginia A. Reagan
Ward 4

Trudy Causey
At-Large, Post 1

Randy P. Green
At-Large, Post 2

DEPARTMENT DIRECTORS

Carolyn Duncan
General Administration
Court Clerk

Denise Soesbee
Finance Director

Randy L. Bowens
Public Works Director

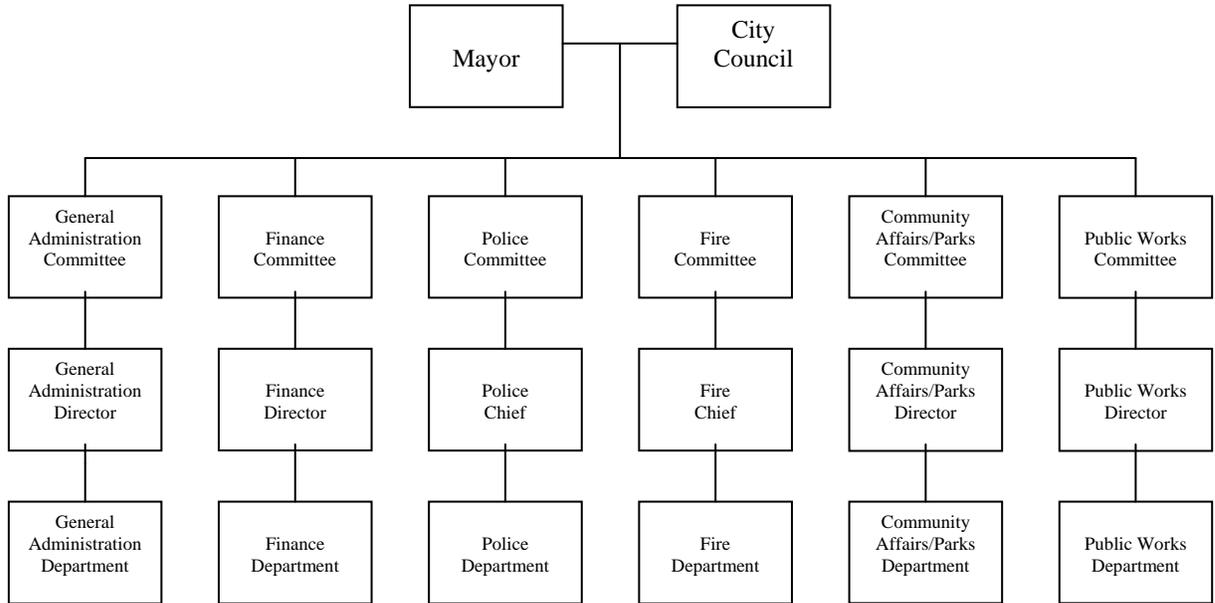
Jimmy R. Graham
*Community Development/
Parks Director*

Robert G. Starrett
Police Chief

Timothy J. Williams
Fire Chief

CITY OF AUSTELL, GEORGIA

Organizational Structure



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Austell, Georgia** as of and for the fiscal year ended June 30, 2011, which collectively comprise the City of Austell, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Austell, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Austell, Georgia as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the General Fund, the Austell Area Community Council Fund, and the Multiple Grants Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2011, on our consideration of the City of Austell, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress (on pages 4 through 12 and page 53, respectively) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Austell, Georgia's basic financial statements. The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 30, 2011

City of Austell, Georgia Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

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 \$24,390,590 (net assets). Of this amount, \$4,671,061 (unrestricted net assets) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City had a decrease in net assets of (\$280,631) compared to an increase of \$300,916 in the prior fiscal year. Primary contributors to the decrease were decreases in charges for service and franchise fees.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,983,793. This represents a decrease from the prior fiscal year of approximately \$367,000 due primarily to the decrease in charges for service and franchise fees, as mentioned above.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,906,885 or 67% of total current fiscal year General Fund expenditures. In the prior year, unreserved (as reported prior to the implementation of GASB statement number 54) fund balance was \$4,383,560 or 71% 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 government's financial standing, split between governmental activities and proprietary fund activities.

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

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

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

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

City of Austell, Georgia Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

- 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 water and sewer system, stormwater system, solid waste, and the Threadmill Complex are reported here.
- Component units - The City has one legally separate entity, Austell Natural Gas System. Although legally separate, this "component unit" is important because the City is financially accountable for it.

The government-wide financial statements are presented on pages 13-14 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City of Austell has two kinds of funds:

- **Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information assists in determining whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The basic governmental fund financials are presented on pages 15-21 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, 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, and the Austell Area Community Council Fund are considered major funds and are presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. Data from the remaining governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

City of Austell, Georgia Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

The basic enterprise fund financial statements are presented on pages 22-24 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 25-52 of this report.

Other Information

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$24,390,590 at the close of the most recent fiscal year.

A portion of the City's net assets (52%) reflects its investment in capital assets such as land, buildings, infrastructure, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City has restricted net assets of \$7,051,332 which is restricted for capital construction, law enforcement activities, public safety activities, and tourism and development, as compared to \$845,779 of restricted net assets of the prior fiscal year. The remaining balance of unrestricted net assets (\$4,617,061) may be used to meet the City's ongoing obligations to citizens and creditors.

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

Net Assets

As noted earlier the City's combined net assets totals \$24,390,590 (excluding the City's component unit).

City of Austell, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The following table provides a summary of the City's governmental and business-type activities' net assets for the fiscal years ended 2011 and 2010:

Condensed Statement of Net Assets
June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current assets	\$ 11,925,040	\$ 12,081,391	\$ 924,099	\$ 902,056	\$ 12,849,139	\$ 12,983,447
Capital assets	8,302,891	8,169,624	9,634,344	10,107,656	17,937,235	18,277,280
Other noncurrent assets	-	-	82,085	87,160	82,085	87,160
Total Assets	<u>20,227,931</u>	<u>20,251,015</u>	<u>10,640,528</u>	<u>11,096,872</u>	<u>30,868,459</u>	<u>31,347,887</u>
Liabilities:						
Current liabilities	847,201	590,608	643,536	353,577	1,490,737	944,185
Long-term liabilities	<u>95,381</u>	<u>242,779</u>	<u>4,891,751</u>	<u>5,489,702</u>	<u>4,987,132</u>	<u>5,732,481</u>
Total Liabilities	<u>942,582</u>	<u>833,387</u>	<u>5,535,287</u>	<u>5,843,279</u>	<u>6,477,869</u>	<u>6,676,666</u>
Net Assets:						
Invested in capital assets, net of related debt	8,262,097	8,005,695	4,460,100	4,640,975	12,722,197	12,646,670
Restricted	7,051,332	845,779	-	-	7,051,332	845,779
Unrestricted	<u>3,971,920</u>	<u>10,566,154</u>	<u>645,141</u>	<u>612,618</u>	<u>4,617,061</u>	<u>11,178,772</u>
Total Net Assets	<u>\$ 19,285,349</u>	<u>\$ 19,417,628</u>	<u>\$ 5,105,241</u>	<u>\$ 5,253,593</u>	<u>\$ 24,390,590</u>	<u>\$ 24,671,221</u>

Changes in Net Assets

Governmental and business-type activities decreased the City's net assets by \$280,631.

The following table provides a summary of the City's changes in net assets:

City of Austell, Georgia

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Condensed Changes in Net Assets June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 602,804	\$ 900,956	\$ 4,600,647	\$ 4,755,501	\$ 5,203,451	\$ 5,656,457
Operating grants and contributions	548,637	293,258	-	-	548,637	293,258
Capital grants and contributions	1,567,671	570,399	-	-	1,567,671	570,399
General revenues:						
Property taxes	588,691	706,063	-	-	588,691	706,063
Other taxes/ownership fees	4,592,066	5,628,637	-	-	4,592,066	5,628,637
Unrestricted investment earnings	12,060	127,806	7,083	3,017	19,143	130,823
Miscellaneous	264,452	161,309	-	-	264,452	161,309
Gain on sale of capital assets	-	116,243	-	-	-	116,243
Total Revenues	8,176,381	8,504,671	4,607,730	4,758,518	12,784,111	13,263,189
Expenses						
General government	1,718,896	1,525,256	-	-	1,718,896	1,525,256
Public safety	4,236,875	4,157,890	-	-	4,236,875	4,157,890
Judicial	174,291	137,650	-	-	174,291	137,650
Public works	1,806,147	1,272,445	-	-	1,806,147	1,272,445
Solid waste management	1,706	6,754	-	-	1,706	6,754
Culture and recreation	89,615	713,925	-	-	89,615	713,925
Housing and development	79,340	78,286	-	-	79,340	78,286
Tourism and economic development	4,888	3,090	-	-	4,888	3,090
Interest on long-term debt	7,333	6,686	-	-	7,333	6,686
Threadmill Complex	-	-	1,373,794	1,386,394	1,373,794	1,386,394
Water and sewer	-	-	3,125,881	3,177,074	3,125,881	3,177,074
Stormwater	-	-	304,530	378,725	304,530	378,725
Solid waste	-	-	141,446	118,098	141,446	118,098
Total Expenses	8,119,091	7,901,982	4,945,651	5,060,291	13,064,742	12,962,273
Change in net assets before transfers	57,290	602,689	(337,921)	(301,773)	(280,631)	300,916
Transfers	(189,569)	(144,275)	189,569	144,275	-	-
Change in Net Assets	(132,279)	458,414	(148,352)	(157,498)	(280,631)	300,916
Net Assets, beginning of fiscal year	19,417,628	18,959,214	5,253,593	5,411,091	24,671,221	24,370,305
Net Assets, end of fiscal year	\$ 19,285,349	\$ 19,417,628	\$ 5,105,241	\$ 5,253,593	\$ 24,390,590	\$ 24,671,221

Governmental Activities

Governmental activities decreased the City's net assets by (\$132,279). This is a decrease from the prior fiscal year which can be mostly attributed to the matching funds provided by the City as a requirement of federal awards obtained by the City for clean-up, acquisition of properties, and construction as a result of the 2009 floods. Additionally, operating expenses as well as interest on long-term debt remained comparable to prior fiscal year activity.

City of Austell, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Revenues for Governmental Activities decreased overall by 3.9% which is primarily attributed to a decrease in franchise taxes.

Governmental Activities
Program Revenues and Expenses
For the Fiscal Years Ended June 30, 2011 and June 30, 2010

	2011	2011	2010	2010
	Revenues	Expenses	Revenues	Expenses
General government	\$ 552,312	\$ 1,718,896	\$ 347,829	\$ 1,525,256
Public safety	140,253	4,236,875	117,046	4,157,890
Judicial	437,067	174,291	660,810	137,650
Public works	1,507,537	1,806,147	634,780	1,272,445
Solid waste management	4,056	1,706	2,898	6,754
Culture and recreation	77,887	89,615	-	713,925
Housing and development	-	79,340	-	78,286
Tourism and economic development	-	4,888	-	3,090
Interest on long-term debt	-	7,333	-	6,686
Totals	<u>\$ 2,719,112</u>	<u>\$ 8,119,091</u>	<u>\$ 1,763,363</u>	<u>\$ 7,901,982</u>

Governmental Activities
Revenues by Source
For the Fiscal Years Ended June 30, 2011 and June 30, 2010

	2011		2010	
Charges for services	\$ 602,804	7%	\$ 900,956	11%
Operating grants and contributions	548,637	7%	293,258	3%
Capital grants and contributions	1,567,671	19%	570,399	7%
Property taxes	588,691	7%	706,063	8%
Other taxes and ownership fees	4,592,066	56%	5,628,637	66%
Unrestricted investment earnings	12,060	0%	127,806	2%
Miscellaneous	264,452	3%	161,309	2%
Gain on sale of capital assets	-	0%	116,243	1%
Totals	<u>\$ 8,176,381</u>	<u>100%</u>	<u>\$ 8,504,671</u>	<u>100%</u>

Business-Type Activities

Major revenue sources for the proprietary funds were charges for services of \$4,600,647, this is a 3% 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 \$4,945,651 which is a 2% decrease from the previous fiscal year. This decrease is mostly the result of water usage activity for the fiscal year.

City of Austell, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Business-type Activities
Program Revenues and Expenses
For the Fiscal Years Ended June 30, 2011 and June 30, 2010

	2011	2011	2010	2010
	Revenues	Expenses	Revenues	Expenses
Threadmill Complex	\$ 1,078,585	\$ 1,373,794	\$ 1,045,701	\$ 1,386,394
Water and Sewer	3,268,623	3,125,881	3,592,244	3,177,074
Stormwater	171,224	304,530	34,719	378,725
Solid Waste	82,215	141,446	82,837	118,098
Totals	<u>\$ 4,600,647</u>	<u>\$ 4,945,651</u>	<u>\$ 4,755,501</u>	<u>\$ 5,060,291</u>

Business-type Activities
Revenues by Source
For the Fiscal Years Ended June 30, 2011 and June 30, 2010

	2011		2010	
Charges for services	\$ 4,600,647	100%	\$ 4,755,501	100%
Unrestricted investment earnings	7,083	0%	3,017	0%
Totals	<u>\$ 4,607,730</u>	<u>100%</u>	<u>\$ 4,758,518</u>	<u>100%</u>

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, 2011, the City's governmental funds reported a combined ending fund balance of approximately \$11 million. Of this total, approximately 3.8 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, 2011, unassigned fund balance was approximately \$3.9 million, while total fund balance was approximately \$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 67% of total General Fund expenditures, while total fund balance represents 69% of that same amount.

The fund balance of the General Fund decreased \$611,757 during the fiscal year. Key factors in this decrease are as follows:

- Increase in interfund transfers due to matching contributions to the Public Assistance Grant Fund and the HMGP Grant Program within the Multiple Grants Fund.

City of Austell, Georgia Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

- Total expenditures remained comparable to fiscal year 2010.

The fund balance of the Multiple Grants Fund decreased \$63,056 during the fiscal year. A key factor in this decrease is that the City has purchased 16 homes that were substantially damaged during the 2009 flood through the HMGP Grant program, which is reported in the Multiple Grants Fund. The City's portion of matching funds is also 15%.

The fund balance of the Austell Area Community Council Fund decreased \$25,913 during the fiscal year as a result of non-capital related expenditures exceeding interest earned on deposits.

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

- The September 2009 flood continues to impact the City financially. As a result, the City created a new special revenue fund in the prior fiscal year, Public Assistance Grant Fund, to account for Federal and State funding surrounding the flood. The City's portion of matching funds is typically 15%.
- Transfers from the General Fund continue to support operations of the City's Emergency Telephone System Fund.

Enterprise Funds

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

- Change in net assets of the Water and Sewer Fund at the end of the current fiscal year amount to a decrease of \$281,357, resulting in total net assets of \$955,497. The decrease is due to operating transfers accumulated during fiscal years 2010 and 2011.
- Change in net assets of the Threadmill Complex Fund amount to an increase of \$38,085, resulting in total net assets of \$817,679. This increase is primarily due to an increase in transfers as compared to last fiscal year.
- Change in net assets of the Stormwater Fund amount to an increase of \$140,123, resulting in total net assets of \$3,316,683. This increase is primarily due to the City charging customers a more accurate Stormwater fee. In previous fiscal years, the City only charged a flat fee of \$1 until the completion of an engineering study which allowed the City to determine a more reasonable charge by customer. This study was finalized during the current fiscal year.
- Change in net assets of the Solid Waste Fund amount to a decrease of \$45,203, resulting in total net assets of \$15,382. This decrease is due to transfer of employees from other funds in prior fiscal years to the Solid Waste Fund.

Budgetary Highlights

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level. The most significant budgeted fund is the General Fund. The City Council amended the General Fund budget at various times throughout the fiscal year. The amendments to total expenditures resulted in a decrease to the budget of \$90,100. Below are explanations of the 2010-11 Budget Amendments:

- 1) Increase in Water for Resale to reflect actual activity.
- 2) Increase in Sanitary Sewer Intergovernmental to reflect actual activity.

City of Austell, Georgia Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

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, 2011, was \$8,302,891 and \$9,634,344 respectively. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. The major additions and deletions to capital for the fiscal year were:

- Sold assets at the Austell Grocery Store and purchased new refrigeration equipment.

At June 30, 2011, the depreciable capital assets for governmental activities were 44% depreciated. The business-type activities are 41% 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 \$295,000 of the beginning outstanding bonds and \$123,135 of outstanding capital lease obligations. At the end of the current fiscal year, the City of Austell had total debt outstanding of \$5,366,571 in which the majority of the debt included \$40,794 of capital leases secured for the purchase of vehicles, trucks, other equipment, and \$5,205,000 of revenue bonds.

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

Economic Conditions Affecting the City

Key assumptions for fiscal year 2012 are summarized as follows:

- The Gas System ownership fees were budgeted to be approximately \$4 million. Anticipated revenue at the current rate of 7% gross sales is expected to be approximately \$3.5 million.
- Increases in healthcare costs are anticipated for the 2011-12 fiscal year.
- On September 18, 2009, the City of Austell, Georgia was flooded and almost 700 of its approximately 2,500 homes were severely affected. The City completed all projects funded by the Public Assistance Grant Fund on May 15, 2011. The HMGP Grant program continues impacting the City as it prepares to maintain and repair the properties of the land that was purchased.

Request for Information

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

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

CITY OF AUSTELL, GEORGIA

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Austell Natural Gas System
Cash and cash equivalents	\$ 3,545,393	\$ 220,627	\$ 3,766,020	\$ 22,306,088
Investments	5,000,000	165,586	5,165,586	-
Taxes receivable	114,766	-	114,766	-
Other receivables	9,702	2,143	11,845	-
Accounts receivable, net of allowances	53,884	492,505	546,389	2,055,509
Due from component unit	2,809,012	-	2,809,012	-
Due from other governments	284,754	-	284,754	176,114
Inventory	5,187	15,368	20,555	3,697,167
Prepaid items	102,342	27,870	130,212	365,378
Restricted cash and cash equivalents	-	-	-	13,223,868
Other assets	-	1,630	1,630	-
Deferred charges, unamortized balance	-	80,455	80,455	99,584
Net pension asset	-	-	-	674,011
Capital assets:				
Non-depreciable	1,937,601	545,640	2,483,241	372,142
Depreciable, net of accumulated depreciation	6,365,290	9,088,704	15,453,994	24,691,597
Total assets	20,227,931	10,640,528	30,868,459	67,661,458
LIABILITIES				
Accounts payable	720,031	-	720,031	2,517,507
Accrued interest payable	-	119,627	119,627	52,270
Accrued liabilities	10,301	4,655	14,956	211,304
Unearned revenue	21,888	33,504	55,392	1,381,514
Customer deposits payable	1,500	179,915	181,415	1,492,269
Due to primary government	-	-	-	2,914,966
Due to other governments	50,633	-	50,633	-
Compensated absences due within one fiscal year	24,359	5,835	30,194	320,445
Compensated absences due in more than one fiscal year	73,076	17,507	90,583	-
Capital leases due within one fiscal year	19,989	-	19,989	95,764
Capital leases due in more than one fiscal year	20,805	-	20,805	32,473
Bonds payable due within one fiscal year	-	300,000	300,000	1,430,000
Bonds payable due in more than one fiscal year	-	4,874,244	4,874,244	6,615,000
Net OPEB obligation	-	-	-	59,977
Total liabilities	942,582	5,535,287	6,477,869	17,123,489
NET ASSETS				
Invested in capital assets, net of related debt	8,262,097	4,460,100	12,722,197	16,890,502
Restricted for capital construction	6,745,122	-	6,745,122	-
Restricted for law enforcement activities	6,312	-	6,312	-
Restricted for public safety activities	292,961	-	292,961	-
Restricted for tourism and development	6,937	-	6,937	-
Restricted for renewal and extension	-	-	-	10,268,954
Restricted for construction	-	-	-	845,859
Restricted for debt service	-	-	-	626,785
Unrestricted	3,971,920	645,141	4,617,061	21,905,869
Total net assets	\$ 19,285,349	\$ 5,105,241	\$ 24,390,590	\$ 50,537,969

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, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			Component Unit Austell Natural Gas System
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 1,718,896	\$ 3,675	\$ 548,637	\$ -	\$ (1,166,584)	\$ -	\$ (1,166,584)	\$ -
Judicial	174,291	437,067	-	-	262,776	-	262,776	-
Public safety	4,236,875	136,493	-	3,760	(4,096,622)	-	(4,096,622)	-
Public works	1,806,147	21,513	-	1,486,024	(298,610)	-	(298,610)	-
Solid waste management	1,706	4,056	-	-	2,350	-	2,350	-
Culture and recreation	89,615	-	-	77,887	(11,728)	-	(11,728)	-
Housing and development	79,340	-	-	-	(79,340)	-	(79,340)	-
Tourism and economic development	4,888	-	-	-	(4,888)	-	(4,888)	-
Interest on long-term debt	7,333	-	-	-	(7,333)	-	(7,333)	-
Total governmental activities	<u>8,119,091</u>	<u>602,804</u>	<u>548,637</u>	<u>1,567,671</u>	<u>(5,399,979)</u>	<u>-</u>	<u>(5,399,979)</u>	<u>-</u>
Business-type activities:								
Threadmill Complex	1,373,794	1,078,585	-	-	-	(295,209)	(295,209)	-
Water and Sewer	3,125,881	3,268,623	-	-	-	142,742	142,742	-
Stormwater	304,530	171,224	-	-	-	(133,306)	(133,306)	-
Solid Waste	141,446	82,215	-	-	-	(59,231)	(59,231)	-
Total business-type activities	<u>4,945,651</u>	<u>4,600,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(345,004)</u>	<u>(345,004)</u>	<u>-</u>
Total primary government	<u>\$ 13,064,742</u>	<u>\$ 5,203,451</u>	<u>\$ 548,637</u>	<u>\$ 1,567,671</u>	<u>(5,399,979)</u>	<u>(345,004)</u>	<u>(5,744,983)</u>	<u>-</u>
Component unit:								
Austell Natural Gas System	<u>\$ 45,790,088</u>	<u>\$ 49,083,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,293,586</u>
General revenues:								
Property taxes					\$ 588,691	\$ -	\$ 588,691	\$ -
Franchise taxes					4,002,266	-	4,002,266	-
Insurance premium taxes					288,485	-	288,485	-
Business occupation taxes					96,691	-	96,691	-
Sales and use taxes					49,723	-	49,723	-
Other taxes					138,455	-	138,455	-
Penalties and interest					16,446	-	16,446	-
Unrestricted investment earnings					12,060	7,083	19,143	28,650
Miscellaneous					264,452	-	264,452	38,571
Transfers					(189,569)	189,569	-	-
Total general revenues and transfers					<u>5,267,700</u>	<u>196,652</u>	<u>5,464,352</u>	<u>67,221</u>
Change in net assets					<u>(132,279)</u>	<u>(148,352)</u>	<u>(280,631)</u>	<u>3,360,807</u>
Net assets, beginning of fiscal year					<u>19,417,628</u>	<u>5,253,593</u>	<u>24,671,221</u>	<u>47,177,162</u>
Net assets, end of fiscal year					<u>\$ 19,285,349</u>	<u>\$ 5,105,241</u>	<u>\$ 24,390,590</u>	<u>\$ 50,537,969</u>

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

CITY OF AUSTELL, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

ASSETS	General	Austell Area	Multiple Grants	Nonmajor	Total
	Fund	Community Council Fund	Fund	Governmental Funds	Governmental Funds
Cash and cash equivalents	\$ 867,633	\$ 572,121	\$ 712,243	\$ 1,393,396	\$ 3,545,393
Investments	-	5,000,000	-	-	5,000,000
Accounts receivable, net of allowances	40,446	-	-	13,438	53,884
Taxes receivable, net of allowances	114,501	-	-	265	114,766
Due from other governments	-	-	77,652	207,102	284,754
Other receivables	5,952	3,750	-	-	9,702
Due from other funds	863,267	-	-	105,376	968,643
Due from component unit	2,809,012	-	-	-	2,809,012
Prepaid items	89,245	-	-	13,097	102,342
Inventory	5,187	-	-	-	5,187
Total assets	\$ 4,795,243	\$ 5,575,871	\$ 789,895	\$ 1,732,674	\$ 12,893,683
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 546,113	\$ -	\$ -	\$ 173,918	\$ 720,031
Customer deposits	1,500	-	-	-	1,500
Accrued liabilities	8,506	-	-	1,795	10,301
Due to other funds	45,634	56,726	852,952	13,331	968,643
Due to other governments	22,977	-	27,656	-	50,633
Deferred revenues	136,894	-	-	21,888	158,782
Total liabilities	761,624	56,726	880,608	210,932	1,909,890
FUND BALANCES					
Fund balances:					
Nonspendable for:					
Prepaid items	89,245	-	-	13,097	102,342
Inventory	5,187	-	-	-	5,187
Restricted for:					
Capital construction	-	5,519,145	-	1,225,977	6,745,122
Law enforcement	-	-	-	6,312	6,312
Public safety	-	-	-	292,961	292,961
Tourism and economic development	-	-	-	6,937	6,937
Assigned for:					
Capital construction - parks	32,302	-	-	-	32,302
Unassigned	3,906,885	-	(90,713)	(23,542)	3,792,630
Total fund balances	4,033,619	5,519,145	(90,713)	1,521,742	10,983,793
Total liabilities and fund balances	\$ 4,795,243	\$ 5,575,871	\$ 789,895	\$ 1,732,674	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,302,891
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	136,894
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.	<u>(138,229)</u>
Net assets of governmental activities	\$ 19,285,349

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, 2011

	General Fund	Austell Area Community Council Fund	Multiple Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 5,180,607	\$ -	\$ -	\$ 3,590	\$ 5,184,197
Licenses and permits	23,344	-	-	-	23,344
Intergovernmental	67,179	-	1,071,475	887,578	2,026,232
Charges for services	19,752	-	-	122,641	142,393
Fines and forfeitures	435,672	-	-	1,395	437,067
Interest income	11,027	77,887	-	7,444	96,358
Contributions and donations	2,018	-	-	-	2,018
Miscellaneous	98,837	-	-	165,615	264,452
Total revenues	<u>5,838,436</u>	<u>77,887</u>	<u>1,071,475</u>	<u>1,188,263</u>	<u>8,176,061</u>
Expenditures					
Current:					
General government	616,168	103,800	-	703,157	1,423,125
Judicial	174,265	-	-	-	174,265
Public safety	3,482,597	-	58,907	514,623	4,056,127
Public works	718,954	-	1,078,703	15,249	1,812,906
Solid waste management	1,706	-	-	-	1,706
Culture and recreation	660,143	-	-	8	660,151
Housing and development	79,340	-	-	-	79,340
Tourism and economic development	-	-	-	4,888	4,888
Capital outlay	-	-	-	60,172	60,172
Debt service:					
Principal retirements	123,135	-	-	-	123,135
Interest expenditures	7,333	-	-	-	7,333
Total expenditures	<u>5,863,641</u>	<u>103,800</u>	<u>1,137,610</u>	<u>1,298,097</u>	<u>8,403,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,205)</u>	<u>(25,913)</u>	<u>(66,135)</u>	<u>(109,834)</u>	<u>(227,087)</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	50,000	-	-	-	50,000
Transfers in	571,341	-	3,079	469,558	1,043,978
Transfers out	(1,207,893)	-	-	(25,654)	(1,233,547)
Total other financing sources (uses)	<u>(586,552)</u>	<u>-</u>	<u>3,079</u>	<u>443,904</u>	<u>(139,569)</u>
Net change in fund balances	(611,757)	(25,913)	(63,056)	334,070	(366,656)
Fund balances (DEFICITS), beginning of fiscal year (Restated)	<u>4,645,376</u>	<u>5,545,058</u>	<u>(27,657)</u>	<u>1,187,672</u>	<u>11,350,449</u>
Fund balances (DEFICITS), end of fiscal year	<u>\$ 4,033,619</u>	<u>\$ 5,519,145</u>	<u>\$ (90,713)</u>	<u>\$ 1,521,742</u>	<u>\$ 10,983,793</u>

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, 2011**

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

Net change in fund balances - total governmental funds	\$ (366,656)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	460,915
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets (disposal of capital assets of \$331,408 offset by donated capital assets of \$3,760).	(327,648)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(3,440)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the principal payment on capital leases made during the current fiscal year.	123,135
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.	<u>(18,585)</u>
Change in net assets - governmental activities	<u>\$ (132,279)</u>

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, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
General property taxes	\$ 444,750	\$ 444,750	\$ 592,131	\$ 147,381
Sales and excise taxes	45,000	45,000	49,723	4,723
Franchise and other taxes	4,825,000	4,825,000	4,137,131	(687,869)
Occupational and premium taxes	390,000	390,000	385,176	(4,824)
Penalties and interest	1,000	1,000	16,446	15,446
Licenses and permits	33,460	33,460	23,344	(10,116)
Intergovernmental	76,000	76,000	67,179	(8,821)
Charges for services	17,400	17,400	19,752	2,352
Fines and forfeitures	710,000	710,000	435,672	(274,328)
Interest income	2,000	2,000	11,027	9,027
Contributions and donations	-	-	2,018	2,018
Miscellaneous	45,500	45,500	98,837	53,337
Total revenues	<u>6,590,110</u>	<u>6,590,110</u>	<u>5,838,436</u>	<u>(751,674)</u>
Expenditures				
Current:				
General government:				
Legislative	265,170	265,170	234,523	30,647
General administration	530,387	438,387	381,645	56,742
Total general government	<u>795,557</u>	<u>703,557</u>	<u>616,168</u>	<u>87,389</u>
Judicial:				
Municipal court	174,819	178,019	174,265	3,754
Public safety:				
Police administration	1,619,233	1,595,233	1,563,316	31,917
Custody of prisoners	313,536	337,536	331,153	6,383
Fire administration	1,666,333	1,666,333	1,588,128	78,205
Total public safety	<u>3,599,102</u>	<u>3,599,102</u>	<u>3,482,597</u>	<u>116,505</u>
Public works:				
Highways and streets	555,422	676,422	630,957	45,465
Maintenance and shop	110,613	90,913	87,997	2,916
Total public works	<u>666,035</u>	<u>767,335</u>	<u>718,954</u>	<u>48,381</u>
Solid waste management:				
Solid waste and recycling	2,850	2,850	1,706	1,144
Culture and recreation:				
Community center	42,100	45,100	44,909	191
Playgrounds	2,000	2,000	-	2,000
Sports facilities	6,000	8,200	8,195	5
Special activities	45,565	66,865	78,997	(12,132)
Parks administration	551,995	571,395	528,042	43,353
Total culture and recreation	<u>647,660</u>	<u>693,560</u>	<u>660,143</u>	<u>33,417</u>
Housing and development:				
Protective inspection	21,570	21,570	17,665	3,905
Planning and zoning	3,550	3,550	2,329	1,221
Code enforcement	27,656	27,656	21,692	5,964
Economic opportunity	3,500	3,500	3,511	(11)
Austell supermarket	2,500	34,200	34,143	57
Total housing and development	<u>58,776</u>	<u>90,476</u>	<u>79,340</u>	<u>11,136</u>

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

Continued

**CITY OF AUSTELL, GEORGIA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures				
Debt service:				
Principal	94,808	94,808	123,135	(28,327)
Interest	14,006	14,006	7,333	6,673
Total debt service	<u>108,814</u>	<u>108,814</u>	<u>130,468</u>	<u>(21,654)</u>
Total expenditures	<u>6,053,613</u>	<u>6,143,713</u>	<u>5,863,641</u>	<u>280,072</u>
Excess (deficiency) of revenues over (under) expenditures	<u>536,497</u>	<u>446,397</u>	<u>(25,205)</u>	<u>(471,602)</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	52,400	50,000	(2,400)
Transfers in	-	-	571,341	571,341
Transfers out	(536,497)	(498,797)	(1,207,893)	(709,096)
Total other financing sources (uses)	<u>(536,497)</u>	<u>(446,397)</u>	<u>(586,552)</u>	<u>(140,155)</u>
Net change in fund balances	-	-	(611,757)	(611,757)
Fund balances, beginning of fiscal year (Restated)	<u>4,645,376</u>	<u>4,645,376</u>	<u>4,645,376</u>	<u>-</u>
Fund balances, end of fiscal year	<u>\$ 4,645,376</u>	<u>\$ 4,645,376</u>	<u>\$ 4,033,619</u>	<u>\$ (611,757)</u>

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

CITY OF AUSTELL, GEORGIA
AUSTELL AREA COMMUNITY COUNCIL FUND

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Interest income	\$ -	\$ 80,000	\$ 77,887	\$ (2,113)
Total revenue	-	80,000	77,887	(2,113)
EXPENDITURES				
General government	-	80,000	103,800	(23,800)
Total expenditures	-	80,000	103,800	(23,800)
Net change in fund balances	-	-	(25,913)	(25,913)
FUND BALANCES, beginning of fiscal year	<u>5,545,058</u>	<u>5,545,058</u>	<u>5,545,058</u>	<u>-</u>
FUND BALANCES, end of fiscal year	<u>\$ 5,545,058</u>	<u>\$ 5,545,058</u>	<u>\$ 5,519,145</u>	<u>\$ (25,913)</u>

The accompanying notes are an integral part of these financial statement:

**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, 2011**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 35,000	\$ 1,066,000	\$ 1,071,475	\$ 5,475
Total revenue	<u>35,000</u>	<u>1,066,000</u>	<u>1,071,475</u>	<u>5,475</u>
EXPENDITURES				
Public safety	-	-	58,907	(58,907)
Public works	-	1,031,000	1,078,703	(47,703)
Culture and recreation	35,000	35,000	-	35,000
Total expenditures	<u>35,000</u>	<u>1,066,000</u>	<u>1,137,610</u>	<u>(71,610)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(66,135)	(66,135)
OTHER FINANCING SOURCES				
Transfers in	-	-	3,079	3,079
Net change in fund balances	-	-	(63,056)	(63,056)
FUND BALANCES (DEFICITS), beginning of fiscal year	<u>(27,657)</u>	<u>(27,657)</u>	<u>(27,657)</u>	<u>-</u>
FUND BALANCES (DEFICITS), end of fiscal year	<u>\$ (27,657)</u>	<u>\$ (27,657)</u>	<u>\$ (90,713)</u>	<u>\$ (63,056)</u>

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

CITY OF AUSTELL, GEORGIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

ASSETS	Business-type Activities - Enterprise Funds				Totals
	Threadmill Complex Fund	Water and Sewer Fund	Stormwater Fund	Nonmajor Solid Waste Enterprise Fund	
CURRENT ASSETS					
Cash	\$ 60,603	\$ 160,024	\$ -	\$ -	\$ 220,627
Investments	-	165,586	-	-	165,586
Accounts receivable, net of allowance	325	319,260	158,382	14,538	492,505
Other receivables	-	2,143	-	-	2,143
Prepaid items	5,923	16,308	4,688	951	27,870
Inventory	-	15,368	-	-	15,368
Total current assets	66,851	678,689	163,070	15,489	924,099
NONCURRENT ASSETS					
Capital Assets					
Nondepreciable	488,140	57,500	-	-	545,640
Depreciable assets	8,337,113	2,360,243	4,646,521	-	15,343,877
	8,825,253	2,417,743	4,646,521	-	15,889,517
Accumulated depreciation	(2,803,263)	(1,960,974)	(1,490,936)	-	(6,255,173)
Total noncurrent assets	6,021,990	456,769	3,155,585	-	9,634,344
OTHER NONCURRENT ASSETS					
Other assets	-	1,630	-	-	1,630
Deferred charges	80,455	-	-	-	80,455
Total other noncurrent assets	80,455	1,630	-	-	82,085
Total noncurrent assets	6,102,445	458,399	3,155,585	-	9,716,429
Total assets	6,169,296	1,137,088	3,318,655	15,489	10,640,528
LIABILITIES					
CURRENT LIABILITIES					
Accrued liabilities	910	3,335	303	107	4,655
Accrued interest payable	119,627	-	-	-	119,627
Unearned revenue	33,504	-	-	-	33,504
Customer deposits payable	18,240	161,675	-	-	179,915
Compensated absences, current	1,273	4,145	417	-	5,835
Bonds payable, current	300,000	-	-	-	300,000
Total current liabilities	473,554	169,155	720	107	643,536
NONCURRENT LIABILITIES					
Compensated absences, non-current	3,819	12,436	1,252	-	17,507
Bonds payable	4,874,244	-	-	-	4,874,244
Total noncurrent liabilities	4,878,063	12,436	1,252	-	4,891,751
Total liabilities	5,351,617	181,591	1,972	107	5,535,287
NET ASSETS					
Invested in capital assets, net of related debt	847,746	456,769	3,155,585	-	4,460,100
Unrestricted	(30,067)	498,728	161,098	15,382	645,141
Total net assets	\$ 817,679	\$ 955,497	\$ 3,316,683	\$ 15,382	\$ 5,105,241

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

CITY OF AUSTELL, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds				Totals
	Threadmill Complex Fund	Water and Sewer Fund	Stormwater Fund	Nonmajor Solid Waste Enterprise Fund	
OPERATING REVENUE					
Sales and charges for services	\$ -	\$ 3,265,544	\$ 171,224	\$ 82,215	\$ 3,518,983
Rent and royalties	1,078,585	-	-	-	1,078,585
Miscellaneous	-	3,079	-	-	3,079
Total operating revenues	<u>1,078,585</u>	<u>3,268,623</u>	<u>171,224</u>	<u>82,215</u>	<u>4,600,647</u>
OPERATING EXPENSES					
Personal services and employee benefits	172,683	855,628	115,967	43,467	1,187,745
Contractual services	174,814	150,947	87,227	88,424	501,412
Supplies	412,194	2,052,009	7,648	9,555	2,481,406
Depreciation and amortization	325,956	66,877	93,688	-	486,521
Other costs	-	420	-	-	420
Total operating expenses	<u>1,085,647</u>	<u>3,125,881</u>	<u>304,530</u>	<u>141,446</u>	<u>4,657,504</u>
Operating income (loss)	<u>(7,062)</u>	<u>142,742</u>	<u>(133,306)</u>	<u>(59,231)</u>	<u>(56,857)</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest income	227	6,856	-	-	7,083
Interest expense	(288,147)	-	-	-	(288,147)
Total non-operating expenses	<u>(287,920)</u>	<u>6,856</u>	<u>-</u>	<u>-</u>	<u>(281,064)</u>
Income (loss) before capital contributions and transfers	<u>(294,982)</u>	<u>149,598</u>	<u>(133,306)</u>	<u>(59,231)</u>	<u>(337,921)</u>
Transfers in	563,640	474,068	342,697	211,278	1,591,683
Transfers out	(230,573)	(905,023)	(69,268)	(197,250)	(1,402,114)
	<u>333,067</u>	<u>(430,955)</u>	<u>273,429</u>	<u>14,028</u>	<u>189,569</u>
Change in net assets	38,085	(281,357)	140,123	(45,203)	(148,352)
Total net assets, beginning of fiscal year	<u>779,594</u>	<u>1,236,854</u>	<u>3,176,560</u>	<u>60,585</u>	<u>5,253,593</u>
Total net assets, end of fiscal year	<u>\$ 817,679</u>	<u>\$ 955,497</u>	<u>\$ 3,316,683</u>	<u>\$ 15,382</u>	<u>\$ 5,105,241</u>

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, 2011

	Business-type Activities - Enterprise Funds				Totals
	Threadmill Complex Fund	Water and Sewer Fund	Stormwater Fund	Nonmajor Solid Waste Enterprise Fund	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,084,591	\$ 3,503,847	\$ 15,566	\$ 73,430	\$ 4,677,434
Payments to suppliers	(650,181)	(2,221,898)	(172,421)	(44,098)	(3,088,598)
Payments to employees	(174,638)	(864,916)	(116,574)	(43,360)	(1,199,488)
Net cash provided by (used in) operating activities	<u>259,772</u>	<u>417,033</u>	<u>(273,429)</u>	<u>(14,028)</u>	<u>389,348</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	563,640	474,068	342,697	211,278	1,591,683
Transfers out to other funds	(230,573)	(905,023)	(69,268)	(197,250)	(1,402,114)
Net cash provided by (used in) non-capital financing activities	<u>333,067</u>	<u>(430,955)</u>	<u>273,429</u>	<u>14,028</u>	<u>189,569</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on bonds payable	(295,000)	-	-	-	(295,000)
Interest paid	(294,902)	-	-	-	(294,902)
Purchases of capital assets	(2,938)	(1,003)	-	-	(3,941)
Net cash used in capital and related financing activities	<u>(592,840)</u>	<u>(1,003)</u>	<u>-</u>	<u>-</u>	<u>(593,843)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Maturities of investments	-	8,973	-	-	8,973
Interest received	227	6,856	-	-	7,083
Net cash provided by investing activities	<u>227</u>	<u>15,829</u>	<u>-</u>	<u>-</u>	<u>16,056</u>
Net increase in cash	226	904	-	-	1,130
Cash, beginning of fiscal year	60,377	159,120	-	-	219,497
Cash, end of fiscal year	<u>\$ 60,603</u>	<u>\$ 160,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,627</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (7,062)	\$ 142,742	\$ (133,306)	\$ (59,231)	\$ (56,857)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	325,956	66,877	93,688	-	486,521
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	6,006	233,201	(155,658)	(8,785)	74,764
Decrease in due from other funds	-	144,733	91,545	95,847	332,125
Decrease (increase) in prepaids	9,050	21,482	(1,212)	(256)	29,064
Increase (decrease) in accrued liabilities	(1,848)	(9,310)	(1,013)	107	(12,064)
Increase in due to other funds	(70,488)	(187,391)	(167,879)	(41,710)	(467,468)
Increase (decrease) in compensated absences payable	(107)	22	406	-	321
Increase (decrease) in customer deposits payable	(1,735)	4,677	-	-	2,942
Net cash provided by (used in) operating activities	<u>\$ 259,772</u>	<u>\$ 417,033</u>	<u>\$ (273,429)</u>	<u>\$ (14,028)</u>	<u>\$ 389,348</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF AUSTELL, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City of Austell, Georgia which was founded in 1885, operates under a mayor-council form of government and provides the following services to its citizens: public safety (police and fire); highways and streets; water, sewer, stormwater, and sanitation; public improvements; planning and zoning; and general administrative services.

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

Discretely Presented Component Unit

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

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

The statement of net assets will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

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

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

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

NOTES TO FINANCIAL STATEMENTS

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 **Austell Area Community Council Fund** accounts for monies contributed by the Norfolk Southern Company for the purpose of constructing public facilities throughout the City.

The **Multiple Grants Fund** accounts for grant monies received from a variety of Federal and State agencies.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City reports the following major proprietary funds:

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

Annual appropriated budgets are adopted for all funds, except capital project funds, which have project length budgets except for the Austell Area Community Council ("AACIC") Fund, which has an annual budget. However, as of June 30, 2011, no annual budget was adopted for the AACIC Fund. Additionally, there was no original annual budget adopted for the City's Public Assistance Grant Special Revenue Fund prior to June 30, 2011. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City.

E. Deposits and Investments

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

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

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Customer accounts receivable include billed but uncollected amounts and unbilled receivables based upon a pro rata amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions.

NOTES TO FINANCIAL STATEMENTS

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, 2011, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items reported in the governmental funds are equally offset by a nonspendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of net current asset.

I. Restricted Assets

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

J. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS

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:

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

K. Compensated Absences

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

L. Deferred (Unearned) Revenue

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Obligations

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

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

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

N. Fund Equity and Net Assets

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Equity and Net Assets (Continued)

Fund balances are classified as follows:

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Equity and Net Assets (Continued)

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

O. Management Estimates

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

P. Interfund Transactions

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

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$138,229 difference are as follows:

Capital leases payable	\$ (40,794)
Compensated absences	<u>(97,435)</u>
Net adjustment to reduce <i>fund balance - total governmental funds to arrive at net assets - governmental activities</i>	<u><u>\$ (138,229)</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$460,915 difference are as follows:

Capital outlay	\$ 865,699
Depreciation expense	<u>(404,784)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ 460,915</u></u>

NOTES TO FINANCIAL STATEMENTS

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.
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, 2011, except for amending a budget for the Austell Area Community Council Fund and the Public Assistance Grant Fund due to the City not adopting a budget during the initial proposed operating budget process.

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2011:

Multiple Grants Fund departments:	
Public Safety	\$ 58,907
Public Works	47,703
Austell Area Community Council Fund - General Government	23,800
Hotel/Motel Tax Fund - Tourism and Economic Development	2,238
Public Assistance Grant Fund - Transfers Out	25,654
Cobb County SPLOST Fund - Public Works	15,249
General Fund departments:	
Special Activities (Culture and Recreation)	12,132
Economic Opportunity (Housing and Development)	11
Principal Debt Service	28,327
Transfers Out	709,096

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

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS

Total deposits as of June 30, 2011 are summarized as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Cash and cash equivalents	---	\$ 3,766,020
Certificates of Deposit	9/10/2011 - 1/7/2012	5,165,586
		<u>\$ 8,931,606</u>

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, 2011, all of the deposits of the City were fully collateralized in accordance with state statutes. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

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

Receivables at June 30, 2011, 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	Austell Area Community Fund	Multiple Grants Fund	Threadmill Complex Fund	Water & Sewer Fund	Stormwater Fund	Other Nonmajor Funds
Receivables:							
Taxes	\$ 170,949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 265
Accounts	40,446	-	-	1,325	501,747	158,382	27,976
Due from other governments	-	-	77,652	-	-	-	207,102
Other	5,952	3,750	-	-	2,143	-	-
Less allowance for uncollectible receivables	(56,448)	-	-	(1,000)	(182,487)	-	-
Net total receivable	<u>\$ 160,899</u>	<u>\$ 3,750</u>	<u>\$ 77,652</u>	<u>\$ 325</u>	<u>\$ 321,403</u>	<u>\$ 158,382</u>	<u>\$ 235,343</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2011, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,937,601	\$ -	\$ -	\$ -	\$ 1,937,601
Construction in progress	35,817	140,246	-	(176,063)	-
Total	<u>1,973,418</u>	<u>140,246</u>	<u>-</u>	<u>(176,063)</u>	<u>1,937,601</u>
Capital assets, being depreciated:					
Buildings and improvements	5,426,419	367,984	(1,163,058)	176,063	4,807,408
Infrastructure	3,107,120	200,901	-	-	3,308,021
Furniture and fixtures	42,598	27,872	(8,500)	-	61,970
Machinery and equipment	964,683	128,696	(54,073)	-	1,039,306
Computer equipment	181,033	-	(48,998)	-	132,035
Vehicles	2,030,452	3,760	(76,425)	-	1,957,787
Total	<u>11,752,305</u>	<u>729,213</u>	<u>(1,351,054)</u>	<u>176,063</u>	<u>11,306,527</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,105,212)	(113,701)	887,491	-	(2,331,422)
Infrastructure	(163,227)	(62,633)	-	-	(225,860)
Furniture and fixtures	(33,780)	(4,191)	4,108	-	(33,863)
Machinery and equipment	(710,788)	(88,585)	53,448	-	(745,925)
Computer equipment	(154,730)	(3,855)	48,998	-	(109,587)
Vehicles	(1,388,362)	(131,819)	25,601	-	(1,494,580)
Total	<u>(5,556,099)</u>	<u>(404,784)</u>	<u>1,019,646</u>	<u>-</u>	<u>(4,941,237)</u>
Total capital assets, being depreciated, net	<u>6,196,206</u>	<u>324,429</u>	<u>(331,408)</u>	<u>176,063</u>	<u>6,365,290</u>
Governmental activities capital assets, net	<u>\$ 8,169,624</u>	<u>\$ 464,675</u>	<u>\$ (331,408)</u>	<u>\$ -</u>	<u>\$ 8,302,891</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 545,640	\$ -	\$ -	\$ -	\$ 545,640
Construction in progress	28,238	-	-	(28,238)	-
Total	<u>573,878</u>	<u>-</u>	<u>-</u>	<u>(28,238)</u>	<u>545,640</u>
Capital assets, being depreciated:					
Infrastructure	6,368,172	-	-	28,238	6,396,410
Buildings and improvements	8,206,830	-	-	-	8,206,830
Machinery and equipment	369,859	3,941	-	-	373,800
Vehicles	351,879	-	-	-	351,879
Computer equipment	14,958	-	-	-	14,958
Total	<u>15,311,698</u>	<u>3,941</u>	<u>-</u>	<u>28,238</u>	<u>15,343,877</u>
Less accumulated depreciation for:					
Infrastructure	(2,801,068)	(141,909)	-	-	(2,942,977)
Buildings and improvements	(2,359,698)	(314,999)	-	-	(2,674,697)
Machinery and equipment	(251,608)	(18,160)	-	-	(269,768)
Vehicles	(352,899)	-	-	-	(352,899)
Computer equipment	(12,647)	(2,185)	-	-	(14,832)
Total	<u>(5,777,920)</u>	<u>(477,253)</u>	<u>-</u>	<u>-</u>	<u>(6,255,173)</u>
Total capital assets, being depreciated, net	<u>9,533,778</u>	<u>(473,312)</u>	<u>-</u>	<u>28,238</u>	<u>9,088,704</u>
Business-type activities capital assets, net	<u>\$ 10,107,656</u>	<u>\$ (473,312)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,634,344</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

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

Governmental activities:

General government	\$ 50,483
Public safety	189,240
Public works	94,608
Culture and recreation	70,453
	404,784

Total depreciation expense - governmental activities	\$ 404,784
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Business-type activities:

Threadmill complex	\$ 316,688
Water and sewer	66,877
Stormwater	93,688
	93,688

Total depreciation expense - business-type activities	\$ 477,253
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Austell Natural Gas System

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 344,992	\$ -	\$ -	\$ 344,992
Construction in progress	-	27,150	-	27,150
Total	344,992	27,150	-	372,142
Capital assets, being depreciated:				
Infrastructure	73,167,626	1,247,199	(2,412,389)	72,002,436
Furniture, fixtures, and equipment	2,293,361	59,848	(12,610)	2,340,599
Vehicles	1,096,929	86,181	(75,114)	1,107,996
Total	76,557,916	1,393,228	(2,500,113)	75,451,031
Less accumulated depreciation:	50,375,877	2,883,670	(2,500,113)	50,759,434
Total capital assets, net	\$ 26,527,031	\$ (1,463,292)	\$ -	\$ 25,063,739

NOTES TO FINANCIAL STATEMENTS

NOTE 7. OPERATING LEASES

The City is the lessor of office space at the Threadmill Complex. During fiscal year 2011, the City received \$1,078,585 in operating lease revenue. The carrying value of the building and improvements of \$6,021,990 (cost of \$8,825,253 less accumulated depreciation of \$2,803,263) is included in capital assets in the Threadmill Complex Fund. Most leases are year-to-year and expire at various times throughout the fiscal year. However, there are four leases with terms extending beyond the end of the next fiscal year.

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

Fiscal Year Ending	Total Revenues
2012	731,249
2013	740,839
2014	760,019
2015	760,019
2016	769,992
2017-2021	2,134,504
2022-2026	60,000
2027-2028	44,000

NOTE 8. LONG-TERM DEBT

Primary Government

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Governmental activities:					
Capital leases	\$ 163,929	\$ -	\$ (123,135)	\$ 40,794	\$ 19,989
Compensated absences	78,850	111,415	(92,830)	97,435	24,359
Governmental activities:					
Long-term liabilities	\$ 242,779	\$ 111,415	\$ (215,965)	\$ 138,229	\$ 44,348

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Business-type activities:					
Revenue bonds	\$ 5,500,000	\$ -	\$ (295,000)	\$ 5,205,000	\$ 300,000
Less unamortized loss on refunding	(33,319)	-	2,563	(30,756)	-
	<u>5,466,681</u>	<u>-</u>	<u>(292,437)</u>	<u>5,174,244</u>	<u>300,000</u>
Compensated absences	23,021	29,939	(29,618)	23,342	5,835
Business-type activities:					
Long-term liabilities	<u>\$ 5,489,702</u>	<u>\$ 29,939</u>	<u>\$ (322,055)</u>	<u>\$ 5,197,586</u>	<u>\$ 305,835</u>

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, and the Stormwater Fund from which employees' salaries are paid.

Capital Leases. The City has entered into lease agreements as lessee for financing the acquisition of various public safety and public works vehicles. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception. As of June 30, 2011, the City had vehicles with a net book value of \$246,519 under capital leases.

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

	Governmental Activities
Fiscal Year Ending June 30,	
2012	\$ 21,653
2013	21,654
Total minimum lease payments	<u>43,307</u>
Less amount representing interest	2,513
Present value of future minimum lease payments	<u>\$ 40,794</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

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

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

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

Revenue bonds currently outstanding mature as follows:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 300,000	\$ 278,593	\$ 578,593
2013	315,000	261,679	576,679
2014	330,000	243,937	573,937
2015	345,000	225,369	570,369
2016	365,000	205,827	570,827
2017-2021	2,070,000	703,379	2,773,379
2022-2024	1,480,000	125,005	1,605,005
Total	<u>\$ 5,205,000</u>	<u>\$ 2,043,789</u>	<u>\$ 7,248,789</u>

Austell Natural Gas System

Long-term liability activity for the fiscal year ended July 31, 2011, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Fiscal Year</u>
Revenue bonds	\$ 9,910,000	\$ -	\$ (1,865,000)	\$ 8,045,000	\$ 1,430,000
Capital leases	222,646	-	(94,409)	128,237	95,764
Net OPEB obligation	33,431	46,720	(20,174)	59,977	-
Compensated absences	277,886	465,572	(423,013)	320,445	320,445
Total long-term liabilities	<u>\$ 10,443,963</u>	<u>\$ 512,292</u>	<u>\$ (2,402,596)</u>	<u>\$ 8,553,659</u>	<u>\$ 1,846,209</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

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

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

Fiscal Year Ending July 31,	Principal	Interest	Total
2012	\$ 1,430,000	\$ 333,721	\$ 1,763,721
2013	1,495,000	268,369	1,763,369
2014	1,545,000	213,964	1,758,964
2015	1,600,000	157,731	1,757,731
2016	450,000	99,495	549,495
2017-2021	1,525,000	212,055	1,737,055
Total	<u>\$ 8,045,000</u>	<u>\$ 1,285,335</u>	<u>\$ 9,330,335</u>

Capital Leases. The System has entered into lease agreements as lessee for financing the acquisition of equipment used in the customer account billing and collection process. The lease agreements qualify as capital leases for accounting purposes (present value of minimum lease payments exceed ninety percent (90%) of the fair value of lease property) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception. As of July 31, 2011, the System had \$372,289 of equipment under capital leases.

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

	Austell Natural Gas System
Fiscal Year Ending July 31,	
2012	\$ 101,553
2013	33,539
Total minimum lease payments	<u>135,092</u>
Less amount representing interest	6,855
Present value of future minimum lease payments	<u>\$ 128,237</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances of the City as of June 30, 2011, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 10,315
General Fund	Multiple Grants Fund	852,952
Nonmajor governmental funds	General Fund	45,634
Nonmajor governmental funds	Austell Area Community Council Fund	56,726
Nonmajor governmental funds	Nonmajor governmental funds	3,016
		<u>\$ 968,643</u>

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

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government - General Fund	Component Unit - Austell Natural Gas System	\$ 2,809,012
		<u>\$ 2,809,012</u>

At June 30, 2011, Austell Natural Gas System owed the primary government \$2,809,012. However, the Gas System reported a payable of \$2,914,966. The difference is a result of the Gas System's fiscal year-end being July 31, 2011 and reporting \$105,954 of July 2011 fees due to the primary government.

NOTES TO FINANCIAL STATEMENTS

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

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 545,687
Threadmill Complex Fund	General Fund	331,363
Multiple Grants Fund	General Fund	3,079
Nonmajor governmental funds	General Fund	420,880
General Fund	Nonmajor governmental funds	25,654
Nonmajor enterprise fund	General Fund	109,874
Stormwater Fund	General Fund	342,697
Nonmajor enterprise fund	Water & Sewer Fund	101,404
Threadmill Complex Fund	Water & Sewer Fund	232,277
Water & Sewer Fund	Stormwater Fund	69,268
Water & Sewer Fund	Nonmajor enterprise fund	197,250
Water & Sewer Fund	Threadmill Complex Fund	207,550
Nonmajor governmental funds	Threadmill Complex Fund	23,023
Nonmajor governmental funds	Water & Sewer Fund	25,655
		<u>\$ 2,635,661</u>

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, and (3) 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (Continued)

As provided by State law, benefit provisions for Participants in GMEBS are established by the respective employers. As authorized by the City Council, the Plan provides pension benefits and death and disability benefits for Plan members and beneficiaries. All employees, excluding elected officials, who work thirty hours or more per week, are eligible to participate after one year. Benefits vest after five years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 2.25% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he or she has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to \$41 for each year of service after reaching normal retirement age.

At January 1, 2011, the date of the most recent actuarial valuation, there were 130 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	24
Terminated vested participants not yet receiving benefits	25
Active employees - vested	59
Active employees - nonvested	22
Total	<u>130</u>

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 2011, the actuarially determined contribution rate was 9.84% of covered payroll.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (Continued)

Funding Policy (Continued)

For fiscal year 2011, the City's recommended contribution was \$347,439. Actual contributions totaled \$347,439. The recommended contribution was determined as part of the January 1, 2010 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include a 7.75% rate of return on investments and projected salary increases of 3.5% based on age and years of service. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are closed for this Plan year. The actuarial value of the Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten year period.

The following is a schedule of funding progress:

Most Recent Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
1/1/2011	\$ 5,756,311	\$ 6,065,523	\$ 309,212	94.90 %	\$ 3,204,441	9.65 %

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLANS (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2010.

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 347,439	\$ 347,439	100.0 %	\$ -
2010	443,707	443,707	100.0	-
2009	324,092	324,092	100.0	-

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, 2011, there were 17 plan members, in the respective plans.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plans. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the fiscal year ended June 30, 2011 were \$58,983.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT

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

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims have not exceeded the coverages in the past three (3) fiscal years.

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

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 14. COMMITMENTS AND CONTINGENCIES (Continued)

Grant Contingencies:

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

NOTE 15. HOTEL/MOTEL LODGING TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 8%. Revenues were \$3,590 for the fiscal year ended June 30, 2011. Of this amount 62.5%, or \$2,273, 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%.

The City expended \$4,888, including the amount remitted to the Cobb-Marietta Coliseum and Exhibit Hall Authority, during the current fiscal year to promote tourism, conventions, and trade shows to operate, maintain, and market a community auditorium or theater as required by O.C.G.A. 48-13-51.

NOTE 16. FUND DEFICITS

At June 30, 2011, the City's Public Assistance Grant Fund and Multiple Grants Fund reported deficit fund balances of \$23,542 and \$90,713, respectively. The fund deficits of these funds will be reduced through General Fund appropriations and grant revenues.

NOTE 17. PRIOR PERIOD ADJUSTMENTS

The City of Austell has determined that a restatement is necessary of prior period balances to report a change in reporting entity as a result of GASB 54, as the Frogrock Joint Project Fund does not meet the definition of a Capital Project Fund. This change in reporting entity results in the reporting of the Frogrock Joint Project Fund within the General Fund. The restatement is described below.

The affect of this adjustment on beginning fund balance of the General Fund as of June 30, 2011 are summarized below.

Fund Balance June 30, 2010, as previously reported	\$ 4,616,504
Adjustment for change in reporting entity	<u>28,872</u>
Fund Balance June 30, 2010, as restated	<u>\$ 4,645,376</u>

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)
1/1/2011	\$ 5,756,311	\$ 6,065,523	\$ 309,212	94.9%	\$ 3,204,441	9.65%
1/1/2010	5,191,310	5,717,037	525,727	90.8%	3,470,671	15.15%
7/1/2009	4,007,363	6,419,208	2,411,845	62.4%	3,470,671	69.49%
7/1/2008	4,991,606	5,747,715	756,109	86.8%	3,293,863	22.96%
7/1/2007	4,530,193	5,228,652	698,459	86.6%	3,010,253	23.20%
7/1/2006	4,078,621	4,496,443	417,822	90.7%	2,972,537	14.06%

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 expenditure 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 FUNDS

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

Cobb County SPLOST Fund – To account 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 tax referendum.

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, 2011

ASSETS	Special Revenue Funds				Capital Project Funds		Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Emergency Telephone System Fund	Public Assistance Grant Fund	Hotel/Motel Tax Fund	Cobb County SPLOST Fund	Douglas County SPLOST Fund	
Cash and cash equivalents	\$ 28,200	\$ 244,288	\$ -	\$ 232	\$ 1,120,496	\$ 180	\$ 1,393,396
Accounts receivable	-	13,276	-	162	-	-	13,438
Taxes receivable	-	-	-	265	-	-	265
Due from other governments	-	-	150,376	-	56,726	-	207,102
Due from other funds	-	37,192	-	6,278	56,726	5,180	105,376
Prepaid items	-	13,097	-	-	-	-	13,097
Total assets	\$ 28,200	\$ 307,853	\$ 150,376	\$ 6,937	\$ 1,233,948	\$ 5,360	\$ 1,732,674
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 173,918	\$ -	\$ -	\$ -	\$ 173,918
Accrued liabilities	-	1,795	-	-	-	-	1,795
Due to other funds	-	-	-	-	13,331	-	13,331
Deferred revenue	21,888	-	-	-	-	-	21,888
Total liabilities	21,888	1,795	173,918	-	13,331	-	210,932
FUND BALANCES (DEFICITS)							
Nonspendable for:							
Prepaid items	-	13,097	-	-	-	-	13,097
Restricted for:							
Capital construction	-	-	-	-	1,220,617	5,360	1,225,977
Law enforcement	6,312	-	-	-	-	-	6,312
Public safety	-	292,961	-	-	-	-	292,961
Tourism and economic development	-	-	-	6,937	-	-	6,937
Unassigned	-	-	(23,542)	-	-	-	(23,542)
Total fund balances (deficits)	6,312	306,058	(23,542)	6,937	1,220,617	5,360	1,521,742
Total liabilities and fund balances (deficits)	\$ 28,200	\$ 307,853	\$ 150,376	\$ 6,937	\$ 1,233,948	\$ 5,360	\$ 1,732,674

CITY OF AUSTELL, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds				Capital Project Funds		Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Emergency Telephone System Fund	Public Assistance Grant Fund	Hotel/Motel Tax Fund	Cobb County SPLOST Fund	Douglas County SPLOST Fund	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 3,590	\$ -	\$ -	\$ 3,590
Intergovernmental	-	-	546,619	604	340,355	-	887,578
Charges for services	-	122,641	-	-	-	-	122,641
Fines and forfeitures	1,395	-	-	-	-	-	1,395
Interest	-	1,033	-	-	6,411	-	7,444
Miscellaneous	-	-	165,615	-	-	-	165,615
Total revenues	1,395	123,674	712,234	4,194	346,766	-	1,188,263
EXPENDITURES							
Current							
General government	-	-	703,157	-	-	-	703,157
Public safety	166	514,457	-	-	-	-	514,623
Tourism and economic development	-	-	-	4,888	-	-	4,888
Public works	-	-	-	-	15,249	-	15,249
Culture and recreation	-	-	-	-	-	8	8
Capital outlay	-	-	-	-	60,172	-	60,172
Total expenditures	166	514,457	703,157	4,888	75,421	8	1,298,097
Excess (deficiency) of revenues over (under) expenditures	1,229	(390,783)	9,077	(694)	271,345	(8)	(109,834)
Other financing sources							
Transfers in	345	469,213	-	-	-	-	469,558
Transfers out	-	-	(25,654)	-	-	-	(25,654)
Total other financing sources	345	469,213	(25,654)	-	-	-	443,904
Net change in fund balances	1,574	78,430	(16,577)	(694)	271,345	(8)	334,070
FUND BALANCES (DEFICIT), beginning of fiscal year	4,738	227,628	(6,965)	7,631	949,272	5,368	1,187,672
FUND BALANCES (DEFICIT), end of fiscal year	\$ 6,312	\$ 306,058	\$ (23,542)	\$ 6,937	\$ 1,220,617	\$ 5,360	\$ 1,521,742

**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, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 1,395	\$ (3,605)
Total revenue	5,000	5,000	1,395	(3,605)
EXPENDITURES				
Public safety	5,000	5,000	166	4,834
Total expenditures	5,000	5,000	166	4,834
Excess (deficiency) of revenues over (under) expenditures	-	-	1,229	1,229
OTHER FINANCING SOURCES				
Transfers in	-	-	345	345
Net change in fund balances	-	-	1,574	1,574
FUND BALANCES, beginning of fiscal year	4,738	4,738	4,738	-
FUND BALANCES, end of fiscal year	<u>\$ 4,738</u>	<u>\$ 4,738</u>	<u>\$ 6,312</u>	<u>\$ 1,574</u>

**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, 2011**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 117,500	\$ 117,500	\$ 122,641	\$ 5,141
Interest income	100	100	1,033	933
Total revenue	<u>117,600</u>	<u>117,600</u>	<u>123,674</u>	<u>6,074</u>
EXPENDITURES				
Public safety	<u>586,813</u>	<u>549,113</u>	<u>514,457</u>	<u>34,656</u>
Total expenditures	<u>586,813</u>	<u>549,113</u>	<u>514,457</u>	<u>34,656</u>
Excess (deficiency) of revenues over (under) expenditures	(469,213)	(431,513)	(390,783)	40,730
OTHER FINANCING SOURCES				
Transfers in	<u>469,213</u>	<u>431,513</u>	<u>469,213</u>	<u>37,700</u>
Net change in fund balances	-	-	78,430	78,430
FUND BALANCES, beginning of fiscal year	<u>227,628</u>	<u>227,628</u>	<u>227,628</u>	<u>-</u>
FUND BALANCES, end of fiscal year	<u>\$ 227,628</u>	<u>\$ 227,628</u>	<u>\$ 306,058</u>	<u>\$ 78,430</u>

**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, 2011**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 548,000	\$ 546,619	\$ (1,381)
Miscellaneous	-	325,000	165,615	(159,385)
Total revenue	-	873,000	712,234	(160,766)
EXPENDITURES				
General government	-	873,000	703,157	169,843
Total expenditures	-	873,000	703,157	169,843
Excess (deficiency) of revenues over (under) expenditures	-	-	9,077	9,077
OTHER FINANCING SOURCES				
Transfers out	-	-	(25,654)	(25,654)
Net change in fund balances	-	-	(16,577)	(16,577)
FUND BALANCES (DEFICITS), beginning of fiscal year	(6,965)	(6,965)	(6,965)	-
FUND BALANCES (DEFICITS), end of fiscal year	<u>\$ (6,965)</u>	<u>\$ (6,965)</u>	<u>\$ (23,542)</u>	<u>\$ (16,577)</u>

**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, 2011**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,650	\$ 2,650	\$ 3,590	\$ 940
Intergovernmental	-	-	604	604
Total revenue	<u>2,650</u>	<u>2,650</u>	<u>4,194</u>	<u>1,544</u>
EXPENDITURES				
Tourism and economic development	<u>2,650</u>	<u>2,650</u>	<u>4,888</u>	<u>(2,238)</u>
Total expenditures	<u>2,650</u>	<u>2,650</u>	<u>4,888</u>	<u>(2,238)</u>
Net change in fund balances	-	-	(694)	(694)
FUND BALANCES, beginning of fiscal year	<u>7,631</u>	<u>7,631</u>	<u>7,631</u>	<u>-</u>
FUND BALANCES, end of fiscal year	<u><u>\$ 7,631</u></u>	<u><u>\$ 7,631</u></u>	<u><u>\$ 6,937</u></u>	<u><u>\$ (694)</u></u>

**CITY OF AUSTELL, GEORGIA
COBB COUNTY SPLOST FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 340,354	\$ 340,354	\$ 340,355	\$ 1
Interest income	-	-	6,411	6,411
Total revenue	<u>340,354</u>	<u>340,354</u>	<u>346,766</u>	<u>6,412</u>
EXPENDITURES				
Public works	-	-	15,249	(15,249)
Capital outlay	<u>340,354</u>	<u>340,354</u>	<u>60,172</u>	<u>280,182</u>
Total expenditures	<u>340,354</u>	<u>340,354</u>	<u>75,421</u>	<u>264,933</u>
Net change in fund balances	-	-	271,345	271,345
FUND BALANCES, beginning of fiscal year	<u>949,272</u>	<u>949,272</u>	<u>949,272</u>	<u>-</u>
FUND BALANCES, end of fiscal year	<u><u>\$ 949,272</u></u>	<u><u>\$ 949,272</u></u>	<u><u>\$ 1,220,617</u></u>	<u><u>\$ 271,345</u></u>

**CITY OF AUSTELL, GEORGIA
DOUGLAS COUNTY SPLOST FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 500	\$ 500	\$ -	\$ (500)
Interest	-	-	-	-
Total revenue	<u>500</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
EXPENDITURES				
Culture and recreation	<u>500</u>	<u>500</u>	<u>8</u>	<u>492</u>
Total expenditures	<u>500</u>	<u>500</u>	<u>8</u>	<u>492</u>
Net change in fund balances	-	-	(8)	(8)
FUND BALANCES, beginning of fiscal year	<u>5,368</u>	<u>5,368</u>	<u>5,368</u>	<u>-</u>
FUND BALANCES, end of fiscal year	<u><u>\$ 5,368</u></u>	<u><u>\$ 5,368</u></u>	<u><u>\$ 5,360</u></u>	<u><u>\$ (8)</u></u>

CITY OF AUSTELL, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Douglas County Special Purpose Local Option Sales Tax	Estimated Cost		Expenditures		
<u>Project</u>	<u>Original (1)</u>	<u>Revised (1)</u>	<u>Prior Fiscal Years</u>	<u>Current Fiscal Year</u>	<u>Total</u>
Park improvements	\$ 522,094	\$ 522,094	\$ 564,337	\$ -	\$ 564,337
Administrative charges	-	-	90	8	98
	<u>\$ 522,094</u>	<u>\$ 522,094</u>	<u>\$ 564,427</u>	<u>\$ 8</u>	<u>\$ 564,435</u>

(1) Unaudited

CITY OF AUSTELL, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Cobb County Special Purpose Local Option Sales Tax	Estimated Cost		Expenditures		
	Original (1)	Revised (1)	Prior Fiscal Years	Current Fiscal Year	Total
Roads, streets, curbs, gutters, and sidewalks	\$ 5,540,132	\$ 5,540,132	\$ 595,582	\$ 75,421	\$ 671,003
Public safety radio system	160,334	160,334	156,742	-	156,742
Administrative charges	-	-	8	-	8
	<u>\$ 5,700,466</u>	<u>\$ 5,700,466</u>	<u>\$ 752,332</u>	<u>\$ 75,421</u>	<u>\$ 827,753</u>

(1) Unaudited

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..... 64

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 71

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

Debt Capacity 76

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

Demographic and Economic Information 81

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

Operating Information 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. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that fiscal year. GASB Statement number 54 established a hierarchy of fund balance classifications based primarily on the extent to which governments are bound by constraints placed on resources. The effective date for implementation of GASB 54 was for periods beginning after June 15, 2010, presentation for fiscal years 2002-2010 are prior to the implementation of GASB Statement No. 54. Fiscal year 2011 is the first fiscal year of implementation for GASB Statement No. 54.

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

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

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

(1) Government-wide financial information is only available since 2004, therefore only eight (8) fiscal years of information is presented.

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
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
Business-type activities	<u>4,100,429</u>	<u>3,825,671</u>	<u>4,257,452</u>	<u>4,201,914</u>	<u>3,930,461</u>	<u>4,485,555</u>	<u>5,060,291</u>	<u>4,945,651</u>
Total primary government program expenses	<u>9,579,909</u>	<u>9,883,961</u>	<u>10,120,779</u>	<u>10,505,098</u>	<u>10,567,444</u>	<u>11,616,835</u>	<u>12,962,273</u>	<u>13,064,742</u>
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
Business-type activities	<u>3,171,308</u>	<u>3,932,723</u>	<u>3,687,520</u>	<u>3,986,181</u>	<u>3,945,604</u>	<u>4,109,301</u>	<u>4,755,501</u>	<u>4,600,647</u>
Total primary government program revenues	<u>4,686,801</u>	<u>5,311,968</u>	<u>6,044,537</u>	<u>5,585,329</u>	<u>5,345,291</u>	<u>5,386,393</u>	<u>6,520,114</u>	<u>7,319,759</u>
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)
Business-type activities	<u>(929,121)</u>	<u>107,052</u>	<u>(569,932)</u>	<u>(215,733)</u>	<u>15,143</u>	<u>(376,254)</u>	<u>(304,790)</u>	<u>(345,004)</u>
Total primary government net expense	<u>(4,893,108)</u>	<u>(4,571,993)</u>	<u>(4,076,242)</u>	<u>(4,919,769)</u>	<u>(5,222,153)</u>	<u>(6,230,442)</u>	<u>(6,442,159)</u>	<u>(5,744,983)</u>
General Revenues								
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
Business-type activities	<u>218,585</u>	<u>(481,733)</u>	<u>108,696</u>	<u>1,708,589</u>	<u>(79,249)</u>	<u>684,358</u>	<u>147,292</u>	<u>196,652</u>
Total primary government	<u>5,402,530</u>	<u>5,468,722</u>	<u>6,821,786</u>	<u>6,393,939</u>	<u>6,987,411</u>	<u>6,599,912</u>	<u>6,743,075</u>	<u>5,464,352</u>
Change in Net Assets								
Governmental activities	1,219,958	1,271,410	3,206,780	(18,686)	1,829,364	61,366	458,414	(132,279)
Business-type activities	<u>(710,536)</u>	<u>(374,681)</u>	<u>(461,236)</u>	<u>1,492,856</u>	<u>(64,106)</u>	<u>308,104</u>	<u>(157,498)</u>	<u>(148,352)</u>
Total primary government	<u>\$ 509,422</u>	<u>\$ 896,729</u>	<u>\$ 2,745,544</u>	<u>\$ 1,474,170</u>	<u>\$ 1,765,258</u>	<u>\$ 369,470</u>	<u>\$ 300,916</u>	<u>\$ (280,631)</u>

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

(1) Government-wide financial information is only available since 2004, therefore only eight (8) fiscal years of information is presented.

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

	Fiscal Year							
	2004	2005	2006	2007	2008 (1) (2) (3) (4)	2009	2010	2011
Governmental Activities:								
General government	\$ 404,511	\$ 633,071	\$ 671,671	\$ 647,899	\$ 744,984	\$ 888,240	\$ 1,525,256	\$ 1,718,896
Judicial	-	-	-	-	-	-	137,650	174,291
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
Public works	674,672	1,088,348	641,166	795,335	844,996	962,216	1,272,445	1,806,147
Solid Waste Management	-	-	-	-	110,040	99,908	6,754	1,706
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
Tourism and economic development	-	-	-	-	3,398	2,934	3,090	4,888
Housing and development	228,029	189,905	132,379	165,942	38,607	88,779	78,286	79,340
Interest on long-term debt	10,274	2,217	18,432	10,906	23,149	10,726	6,686	7,333
Total Governmental Activities	<u>5,479,480</u>	<u>6,058,290</u>	<u>5,863,327</u>	<u>6,303,184</u>	<u>6,636,983</u>	<u>7,131,280</u>	<u>7,901,982</u>	<u>8,119,091</u>
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
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
Stormwater	-	-	-	-	-	-	378,725	304,530
Solid waste	-	-	-	-	-	-	118,098	141,446
Total Business-Type Activities	<u>4,100,429</u>	<u>3,825,671</u>	<u>4,257,452</u>	<u>4,201,914</u>	<u>3,930,461</u>	<u>4,485,555</u>	<u>5,060,291</u>	<u>4,945,651</u>
Total Government-Wide Expenses	<u>\$ 9,579,909</u>	<u>\$ 9,883,961</u>	<u>\$ 10,120,779</u>	<u>\$ 10,505,098</u>	<u>\$ 10,567,444</u>	<u>\$ 11,616,835</u>	<u>\$ 12,962,273</u>	<u>\$ 13,064,742</u>

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

- (1) Government-wide financial information is only available since 2004, therefore only eight (8) fiscal years of information is presented.
- (2) During fiscal year 2008, the City began reporting its solid waste management activities separate from its public works activities.
- (3) During fiscal year 2008, the City also began recording expenditures previously recorded under health and welfare as General government expenditures.
- (4) During fiscal year 2008, the City began reporting its tourism and economic development activities separate from its general government activities.

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:								
Charges for services:								
General government	\$ 630,906	\$ 23,767	\$ 53,789	\$ 62,986	\$ -	\$ -	\$ 55,821	\$ 3,675
Judicial	-	-	-	-	-	-	660,810	437,067
Public safety	110,014	722,435	697,378	832,195	727,633	733,632	117,046	136,493
Public works	83,470	78,794	79,510	78,202	-	-	64,381	21,513
Solid Waste Management					80,009	89,693	2,898	4,056
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
Capital grants and contributions	91,214	453,525	1,404,728	492,077	426,843	293,402	570,399	1,567,671
Total Governmental Activities	<u>1,515,493</u>	<u>1,379,245</u>	<u>2,357,017</u>	<u>1,599,148</u>	<u>1,399,687</u>	<u>1,277,092</u>	<u>1,764,613</u>	<u>2,719,112</u>
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
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
Stormwater	-	-	-	-	-	-	34,719	171,224
Solid Waste	-	-	-	-	-	-	82,837	82,215
Capital grants and contributions	-	200,000	-	57,500	-	-	-	-
Total Business-Type Activities	<u>3,171,308</u>	<u>3,932,723</u>	<u>3,687,520</u>	<u>3,986,181</u>	<u>3,945,604</u>	<u>4,109,301</u>	<u>4,755,501</u>	<u>4,600,647</u>
Total Government-Wide Program Revenues	<u>\$ 4,686,801</u>	<u>\$ 5,311,968</u>	<u>\$ 6,044,537</u>	<u>\$ 5,585,329</u>	<u>\$ 5,345,291</u>	<u>\$ 5,386,393</u>	<u>\$ 6,520,114</u>	<u>\$ 7,319,759</u>

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

(1) Government-wide financial information is only available since 2004, therefore only eight (8) fiscal years of information is presented.

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

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

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

(1) Government-wide financial information is only available since 2004, therefore only eight (8) fiscal years of information is presented.

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 16,662	\$ 30,960	\$ 47,367	\$ 40,981	\$ 55,747	\$ 241,367	\$ 256,249	\$ 364,276	\$ 232,944	
Unreserved	<u>1,236,246</u>	<u>(1,230,678)</u>	<u>830,149</u>	<u>3,618,450</u>	<u>3,081,035</u>	<u>3,357,429</u>	<u>4,117,783</u>	<u>3,967,587</u>	<u>4,383,560</u>	
Total General Fund	<u>\$ 1,252,908</u>	<u>\$ (1,199,718)</u>	<u>\$ 877,516</u>	<u>\$ 3,659,431</u>	<u>\$ 3,136,782</u>	<u>\$ 3,598,796</u>	<u>\$ 4,374,032</u>	<u>\$ 4,331,863</u>	<u>\$ 4,616,504</u>	
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	(134,205)	(292,948)	(515,828)	(57,408)	(180,669)	35,525	182,184	107,249	190,472	
Capital projects funds	<u>4,355,527</u>	<u>4,173,659</u>	<u>4,845,454</u>	<u>5,298,280</u>	<u>5,000,332</u>	<u>5,635,206</u>	<u>5,727,406</u>	<u>5,731,118</u>	<u>6,528,570</u>	
Total all other governmental funds	<u>\$ 4,221,322</u>	<u>\$ 3,880,711</u>	<u>\$ 4,332,827</u>	<u>\$ 5,343,613</u>	<u>\$ 5,099,712</u>	<u>\$ 6,226,038</u>	<u>\$ 6,669,684</u>	<u>\$ 6,551,291</u>	<u>\$ 6,733,945</u>	
General Fund										
Nonspendable for:										
Prepaid items										\$ 89,245
Inventory										5,187
Assigned										32,302
Unassigned										<u>3,906,885</u>
Total General Fund										<u>\$ 4,033,619</u>
All Other Governmental Funds										
Nonspendable for:										
Prepaid items										\$ 13,097
Restricted for:										
Capital construction										6,745,122
Law enforcement										6,312
Public Safety										292,961
Tourism and economic development										6,937
Committed for:										
Unassigned										<u>(114,255)</u>
Total all other governmental funds										<u>\$ 6,950,174</u>

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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 4,399,550	\$ 3,879,037	\$ 4,197,801	\$ 4,571,191	\$ 3,936,139	\$ 7,996,861	\$ 6,630,481	\$ 6,392,321	\$ 6,297,590	\$ 5,184,197
Licenses and permits	259,672	182,215	340,053	395,745	411,117	445,045	24,455	14,335	66,212	23,344
Fines and forfeitures	598,355	646,936	622,848	603,044	591,432	716,700	573,250	567,212	660,810	437,067
Charges for services	145,279	160,850	205,522	204,052	192,149	207,774	225,598	255,588	173,934	142,393
Intergovernmental	17,754	194,363	245,646	173,506	1,445,749	568,922	438,042	244,025	861,803	2,026,232
Investment earnings	277,658	217,151	247,933	205,282	234,665	282,919	304,525	216,014	129,056	96,358
Penalties and interest	-	-	10,035	1,867	762	-	3,436	11,927	-	-
Contributions and donations	1,003,780	505,360	-	360,000	1,538	3,460	1,070	550	604	2,018
Miscellaneous	83,680	94,718	641,772	60,157	57,764	85,853	59,712	68,637	161,309	264,452
Total Revenues	6,785,728	5,880,630	6,511,610	6,574,844	6,871,315	10,307,534	8,260,569	7,770,609	8,351,318	8,176,061
Expenditures										
Current -										
General Government	320,387	451,056	376,556	605,935	649,922	598,144	669,486	796,164	1,521,556	1,423,125
Public Safety	2,451,880	2,510,114	3,200,182	3,856,184	3,456,995	3,724,608	3,891,797	3,956,609	3,989,979	4,056,127
Municipal Court	113,976	110,188	127,211	126,724	138,145	150,763	151,108	149,780	137,645	174,265
Highways and Streets	347,250	372,886	560,748	1,066,161	772,453	784,028	713,133	791,490	1,243,849	1,812,906
Solid Waste Management	-	-	-	-	-	-	110,040	102,674	6,754	1,706
Health and welfare	-	-	79,971	53,014	42,276	43,097	-	-	-	-
Tourism and economic development	-	-	-	-	-	-	5,044	2,934	3,090	4,888
Culture and Recreation	704,373	841,244	611,186	526,761	625,733	465,344	523,705	583,853	676,223	660,151
Housing and Development	65,195	31,541	736,674	131,033	73,505	107,068	42,006	93,977	78,286	79,340
Capital Outlay	703,523	1,988,157	763,951	461,697	1,782,049	1,153,925	1,156,909	580,624	245,472	60,172
Debt Service -										
Principal	61,037	53,729	10,274	206,523	196,818	238,836	149,121	175,550	144,309	123,135
Interest	-	-	-	2,217	13,419	11,014	13,457	20,320	11,690	7,333
Bond issue costs	8,757	491	-	-	-	-	-	-	-	-
Total Expenditures	4,776,378	6,359,406	6,466,753	7,036,249	7,751,315	7,276,827	7,425,806	7,253,975	8,058,853	8,403,148
Excess (deficiency) of revenues over (under) expenditures	2,009,350	(478,776)	44,857	(461,405)	(880,000)	3,030,707	834,763	516,634	292,465	(227,087)
Other financing sources (uses)										
Proceeds from long-term debt	146,894	-	513,030	513,030	113,450	242,434	298,000	-	60,000	-
Proceeds from sale of capital assets	-	-	567,615	567,615	-	12,225	-	-	259,105	50,000
Transfers in	-	-	2,938,247	2,938,247	-	-	86,120	-	1,045,577	1,043,978
Transfers out	-	-	(2,446,663)	(2,446,663)	-	(1,697,026)	-	(677,197)	(1,189,852)	(1,233,547)
Total other financing sources (uses)	146,894	-	1,572,229	1,572,229	113,450	(1,442,367)	384,120	(677,197)	174,830	(139,569)
Net Change in Fund Balance	\$ 2,156,244	\$ (478,776)	\$ 1,617,086	\$ 1,110,824	\$ (766,550)	\$ 1,588,340	\$ 1,218,883	\$ (160,563)	\$ 467,295	\$ (366,656)
Debt Service as a Percentage of Noncapital Expenditures	1.74%	1.25%	0.18%	3.28%	3.65%	4.09%	2.58%	3.02%	2.00%	1.56%

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
2002	4,399,550	259,672	17,754	145,279	598,355	277,658	1,003,780	83,680	6,785,728
2003	3,879,037	182,215	194,363	160,850	646,936	217,151	505,360	94,718	5,880,630
2004	4,197,801	340,053	187,123	205,522	632,883	247,933	-	700,295	6,511,610
2005	4,897,093	69,843	173,506	204,052	604,911	205,282	360,000	60,157	6,574,844
2006	3,936,139	411,117	1,445,749	192,149	591,432	234,665	1,538	58,526	6,871,315
2007	8,383,903	58,003	568,922	207,774	716,700	282,919	3,460	85,853	10,307,534
2008	6,633,917	24,455	438,042	225,598	573,250	304,525	1,070	59,712	8,260,569
2009	6,404,248	14,335	244,025	255,588	567,212	216,014	550	68,637	7,770,609
2010	6,297,590	66,212	861,803	173,934	660,810	129,056	604	161,309	8,351,318
2011	5,184,197	23,344	2,026,232	142,393	437,067	96,358	2,018	264,452	8,176,061

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
2001/2002	\$ 47,586,608	\$ 39,235,046	\$ 11,840,764	\$ -	\$ -	\$ 1,840,831	\$ 96,821,587	3.50
2002/2003	38,821,995	43,838,259	16,099,946	285,719	11,641,756	2,797,389	107,890,286	3.36
2003/2004	62,007,829	43,331,817	15,283,064	288,973	12,207,710	2,799,997	130,319,396	3.12
2004/2005	69,908,322	46,768,671	16,164,691	309,570	12,889,060	3,022,474	143,017,840	3.12
2005/2006	74,863,412	52,715,227	16,816,372	302,853	12,299,290	3,370,683	153,626,471	3.12
2006/2007	107,663,473	52,345,181	16,296,254	295,254	11,778,650	3,419,843	184,958,969	3.12
2007/2008	123,962,544	54,102,378	16,344,483	311,040	13,514,780	4,848,014	203,387,211	3.12
2008/2009	131,719,176	54,773,866	19,245,151	288,062	14,330,130	5,144,278	215,212,107	3.12
2009/2010	92,574,253	55,725,122	34,500,679	256,036	12,103,030	4,172,299	190,986,821	3.12
2010/2011	78,992,107	50,992,334	37,464,575	231,216	11,479,580	3,604,271	175,555,541	3.12

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)

<u>Tax Year/Fiscal Year</u>	<u>City</u>	<u>Cobb County (1)</u>		<u>State</u>	<u>Total</u>
		<u>County</u>	<u>Board of Education</u>		
2001/2002	3.36	9.72	20.05	0.25	33.38
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	9.72	19.90	0.25	32.99
2005/2006	3.12	9.72	19.90	0.25	32.99
2006/2007	3.12	9.60	19.90	0.25	32.87
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	8.05	18.90	0.25	30.32

(1) Information from Cobb County Administration

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

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

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Sweetwater Paper Board Co.	10,013,324	1	31.4%	6,707,192	2	22.6%
Austell Box Board Corp	9,719,497	2	30.5%	13,769,200	1	46.4%
Shea Traylor JV	5,537,056	3	17.4%	-	-	-
Star Paper Tube, Inc	1,258,040	4	3.9%	1,073,008	6	3.6%
2989 Humphries Hill Rd	1,200,844	5	3.8%	-	-	-
Andersen Clay	1,013,770	6	3.2%	-	-	-
Sweetwater Lumber & Land Inc.	830,454	7	2.6%	1,037,820	7	3.5%
Efficiency Lodge, Inc.	816,200	8	2.6%	-	-	-
K & A Development LLC	780,824	9	2.5%	-	-	-
Austell Cabinet Co.	689,988	10	2.2%	-	-	-
National Envelope	-	-	-	2,033,456	3	6.8%
Ungar William & Jerry	-	-	-	1,124,636	5	3.8%
I B M Credit Corporation	-	-	-	1,192,377	4	4.0%
Cornerstone Investment Company	-	-	-	1,025,760	8	3.5%
Williams Bros	-	-	-	916,862	9	3.1%
Mayo Company Inc	-	-	-	820,770	10	2.8%
Total	<u>31,859,997</u>		<u>100%</u>	<u>29,701,081</u>		<u>100%</u>

Source: Cobb County Tax Assessor

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

<u>FISCAL YEAR ENDED JUNE 30,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
					<u>Amount</u>	<u>Percent of Levy</u>
2002	\$ 350,250	\$ 314,095	89.7%	\$ 35,928	\$ 350,023	99.9%
2003	362,786	316,438	87.2%	46,675	363,113	100.1%
2004	402,636	358,855	89.1%	40,758	399,613	99.2%
2005	436,652	384,402	88.0%	46,623	431,025	98.7%
2006	531,551	394,214	74.2%	127,662	521,876	98.2%
2007	533,359	474,783	89.0%	49,966	524,749	98.4%
2008	557,756	460,620	82.6%	81,505	542,125	97.2%
2009	598,818	494,220	82.5%	83,217	577,437	96.4%
2010	605,950	530,242	87.5%	27,455	557,697	92.0%
2011	489,816	458,294	93.6%	-	458,294	93.6%

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**

<u>Franchise Tax & Ownership Fees</u>	<u>Current Year Percentage of Gross Sales</u>	<u>2011 Revenue</u>	<u>2006 Revenue</u>
Austell Gas System (ownership)	7%	\$ 3,345,674	\$ 4,501,920
Georgia Power	5%	510,049	434,264
Greystone Power	5%	44,819	48,163
Comcast Cable TV	5%	42,415	37,647
AT&T	3%	59,309	59,721
Total		<u><u>\$ 4,002,266</u></u>	<u><u>\$ 5,081,715</u></u>

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	Business-Type Activities			Total Primary Government	Percentage of Personal Income	Debt Per Capita (1)
	Activities	Water and	Threadmill				
	Capital	Sewer	Revenue	Capital			
	Leases	Revenue	Bonds	Lease			
2002	\$ -	\$ 1,195,000	\$ 3,505,000	\$ -	\$ 4,700,000	2.45%	843
2003	94,226	1,045,000	3,130,000	-	4,269,226	2.28%	758
2004	48,172	890,000	7,005,000	-	7,943,172	3.69%	1,393
2005	354,679	725,000	6,780,000	-	7,859,679	3.62%	1,359
2006	271,311	550,000	6,545,000	79,269	7,445,580	3.32%	1,255
2007	274,909	380,000	6,300,000	54,075	7,008,984	2.96%	1,163
2008	423,787	195,000	6,045,000	27,672	6,691,459	2.81%	1,096
2009	248,238	-	5,780,000	-	6,028,238	2.46%	975
2010	163,929	-	5,500,000	-	5,663,929	2.28%	916
2011	40,794	-	5,205,000	-	5,245,794	1.89%	758

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, 2011**

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct General Obligation Debt:	-	-	-
Overlapping General Obligation Debt:			
Cobb County General Obligation Debt	\$ 47,070,000	1%	\$ 470,700
Cobb County School District	110,250,000	1%	<u>1,102,500</u>
Total, General Obligation Debt			<u>1,573,200</u>
Overlapping Guaranteed Revenue Debt:			
Cobb County Recreation Authority	1,635,000	1%	\$ 16,350
Cobb County Administration Building Project	10,490,000	1%	104,900
Downtown Marietta Development Authority	49,635,000	1%	496,350
Cobb County Solid Waste Management Authority	8,000,000	1%	<u>80,000</u>
Total, overlapping revenue debt	227,080,000	1%	<u>\$ 2,270,800</u>
City Direct Debt:			
Capital Lease			\$ 40,794
Threadmill Revenue Bonds			<u>5,205,000</u>
			<u>\$ 5,245,794</u>

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 county's total taxable assesses value.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 10,789,029	\$ 13,031,940	\$ 14,301,784	\$ 15,362,647	\$ 18,495,897	\$ 20,338,721	\$ 20,688,495	\$ 21,521,211	\$ 19,402,828	\$ 17,555,554
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 10,789,029	\$ 13,031,940	\$ 14,301,784	\$ 15,362,647	\$ 18,495,897	\$ 20,338,721	\$ 20,688,495	\$ 21,521,211	\$ 19,402,828	\$ 17,555,554
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, 2011.

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

	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2002	\$ 2,848,252	\$ 2,082,154	\$ 766,098	\$ 150,000	\$ 53,775	3.80
2003	2,252,867	2,213,558	39,309	155,000	47,025	0.20
2004	2,757,738	2,594,501	163,237	165,000	40,050	0.80
2005	2,724,037	2,363,512	360,525	170,000	32,625	1.80
2006	2,718,683	2,445,933	272,750	175,000	32,625	1.31
2007	2,906,312	2,539,265	367,047	175,000	24,975	1.84
2008	2,824,631	2,322,800	501,831	185,000	17,100	2.48
2009	2,993,248	2,847,700	145,548	195,000	8,775	0.71
2010	3,591,952	3,106,552	485,400	-	-	-
2011	3,268,623	3,059,004	209,619	-	-	-

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
PLEGGED REVENUE COVERAGE - THREADMILL COMPLEX FUND
LAST EIGHT FISCAL YEARS**

	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

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

(1) Bonds issued during Fiscal Year 2004.

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

<u>FISCAL YEAR ENDED JUNE 30,</u>	<u>City Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	5,577	\$ 240,878,080	\$ 36,087	4.5%
2003	5,630	242,140,460	36,651	4.4%
2004	5,704	247,324,840	37,924	4.3%
2005	5,783	260,122,080	40,499	4.7%
2006	5,933	266,271,340	41,535	4.1%
2007	6,026	270,015,410	42,862	3.8%
2008	6,107	268,646,380	43,167	3.9%
2009	6,184	264,825,980	42,907	9.6%
2010	6,136	243,728,056	40,163	9.5%
2011	7,085	276,860,545	39,077	9.1%

Source: Woods & Poole Economics 2011 Data Pamphlet

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

Employer	2011			2008		
	Number of Employees	% of Total Employment	Rank	Number of Employees	% of Total Employment	Rank
Austell Boxboard	355	9.6%	1	355	8.9%	1
National Envelope	--	--	--	230	5.8%	3
Carustar	120	3.2%	2	231	5.8%	2
United Waste	--	--	--	144	3.6%	4
Austell Gas System	130	3.5%	3	126	3.2%	5
Old Fashion Foods	95	2.6%	4	95	2.4%	6
Carustar Corp	87	2.3%	5	--	--	--
Sweetwater Paper Company	87	2.3%	6	87	2.2%	7
Garda CL Southeast, Inc.	83	2.2%	7	83	2.1%	8
Parsec, Inc.	65	1.8%	8	--	--	--
Wallace Barbeque	32	0.9%	9	--	--	--
Kassaus	29	0.8%	10	--	--	--
Hearland Hospice Service	--	--	--	50	1.3%	9
Wad Heating & A/C, Inc.	--	--	--	49	1.2%	10
Total Employees	1,083			1,450		

Source: City's Occupational Tax database

Note: Information is not readily available prior to fiscal year 2008

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government										
Management services	3	4	4	5	4	4	4	4	4	4
Finance	2	3	5	5	3	3	3	1	1	1
Planning	2	-	-	-	-	-	-	-	-	-
Building	7	2	-	-	-	-	-	-	-	-
Public Safety	40	43	45	48	52	50	50	54	53	55
Municipal court	2	2	2	2	2	2	3	3	3	3
Highways and streets	2	2	2	2	2	2	2	3	3	3
Parks and recreation	3	3	3	3	3	3	3	3	3	3
Water	1	2	2	2	2	2	2	4	4	4
Public Works	12	12	14	14	14	14	14	14	14	15
Threadmill	<u>3</u>	<u>5</u>	<u>10</u>							
Total	<u><u>77</u></u>	<u><u>78</u></u>	<u><u>87</u></u>	<u><u>91</u></u>	<u><u>92</u></u>	<u><u>90</u></u>	<u><u>91</u></u>	<u><u>96</u></u>	<u><u>95</u></u>	<u><u>98</u></u>

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

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

Sources: Various City Departments

Note: Information is not readily available prior to fiscal year 2003.

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

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

Source: City of Austell Public Works Department

Note: Information is not readily available prior to fiscal year 2003.