



# City of Austell, Georgia



## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2018

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Prepared by

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









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

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**INTRODUCTORY SECTION**  
**(Unaudited)**

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

December 20, 2018

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

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

James L. Whitaker, P.C., has issued an unmodified (“clean”) opinion on the City of Austell’s financial statements for the year ended June 30, 2018.

#### *Profile of the government*

The City of Austell, incorporated in 1885, located in the central part of the state, near metro Atlanta. It currently occupies 5.5 square miles and serves a population of 7,139. The City of Austell is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Austell is governed by a mayor-council form of government. Policy-making and legislative authority are vested in the governing council (Council) consisting of the mayor and six other members, three who are elected at large. Council members serve four-year terms, with three elected every two years. The mayor is elected for a four-year term. The Mayor, with Council approval, appoints the City of Austell’s six department heads.

The City of Austell provides a full range of services, including police and fire protection; leaf removal; traffic control; building inspections; licenses and permits; the construction and maintenance of highways, streets, and other infrastructure; and recreational and cultural activities. Water and sewer services are also provided by the City, as well as stormwater; recycling and refuse collection. The City has a third party provider to pick up all recycling and refuse for its customers.

This report includes all funds of the City, as well as a component unit, Austell Gas System. This component unit is reported in a separate column in the financial statements to emphasize they are a legally separate entity and to differentiate their financial position from the City's.

The annual budget serves as the foundation for the City of Austell's financial planning and control. All departments are required to submit requests for appropriation to the Finance Director. The Finance Director uses these requests as the starting point for developing a proposed budget. This budget is then presented to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City of Austell's fiscal year. The appropriated budget is prepared by fund and department. Transfers of appropriations between departments and the appropriation of additional funds, however, require the approval of the City Council. Budget-to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and multiple grants fund, this comparison is presented as part of the basic financial statements for the governmental funds. For other governmental funds, this comparison is presented in the Individual Fund Statements subsection of this report.

### *Local Economy*

The City of Austell is a growing community that sits in a prime location near the metro Atlanta area and consists of a collaboration of small business owners with one large manufacturing facility.

The City is currently revitalizing their downtown area with new restaurants and retail stores. Also, there have been more promotions of concerts and festivals planned for the City to bring more visiting customers to the downtown area.

Another sign for our local economic health can be seen in our City Tax Digest. We have had growth in our assessed property values for the fourth year in a row. The City's property tax rate is roughly one third of the surrounding areas at 3.250 mils. As a result, there has been an increase in annexations and development over the past years.

### *Major Initiatives*

Downtown revitalization – The City continues investment in building up the downtown area with improvements to its infrastructure. Also, the City is playing a leading role working along side it's business owners to help prioritize planned objectives.

New residential development – The City has laid the groundwork for new development and annexations by keeping property taxes manageable, while playing a proactive role in advertising the benefits of living in the City of Austell.

### *Long-Term Financial Planning and Capital Equipment*

The City continues to look toward the future to accommodate maintenance and expansion of its infrastructure, as well as upgrading technical services to provide more effective public safety services. Currently, there are two more pump stations connected to our sewer system that need to be eliminated. Funding for these items will be through operating fees. The City continues to use SPLOST funds to improve its parks and public works infrastructure as well as enhance public safety technology and equipment.

### *Other Information*

#### Management Discussion and Analysis

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

### *Awards and Acknowledgments*

The Government Finance Officers Association (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to the City of Austell for its comprehensive financial report for fiscal year ended June 30, 2017. This represents the twenty-first year the City has received this prestigious award. In order to be awarded a Certificate of Achievement in Financial Reporting from the Government Finance Officers Association (GFOA), a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy Generally Accepted Accounting Principles and applicable legal requirements.

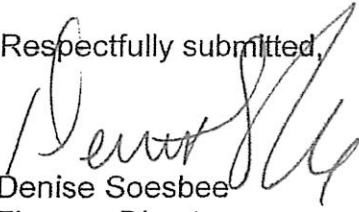
A Certificate of Achievement is valid for a period of one year only. I believe our current comprehensive financial report continues to meet the Certificate of Achievement Program requirements, and I am submitting it to GFOA to determine its eligibility for another certificate.

The active involvement and professional support of James L. Whitaker, P.C. has been instrumental to the prompt completion of the associated audit of this report. The cooperation of various elected officials and appointed management has been invaluable.

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 Council for their interest and support in planning and conducting the operations of the government in a responsible and progressive manner.

Respectfully submitted,



Denise Soesbee  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Austell  
Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO





## City of Austell, Georgia

### Principal Officials

#### MAYOR

*Joe Jerkins*

#### CITY COUNCIL

**Marlin Lamar**

*Ward 1*

**Randy Green**

*Ward 3*

**Scott S. Thomas**

*Ward 2*

**Sandra Leverette**

*Ward 4*

**Ollie Clemons, Jr.**

*At-Large, Post 1*

**Valerie Anderson**

*At-Large, Post 2*

#### DEPARTMENT DIRECTORS

**Elizabeth Young**

*General Administration*

*Court Clerk*

**Denise Soesbee**

*Finance Director*

**Tommy "Bo" Garrison**

*Public Works Director*

**Jimmy R. Graham**

*Community Development/*

*Parks Director*

**Robert G. Starrett**

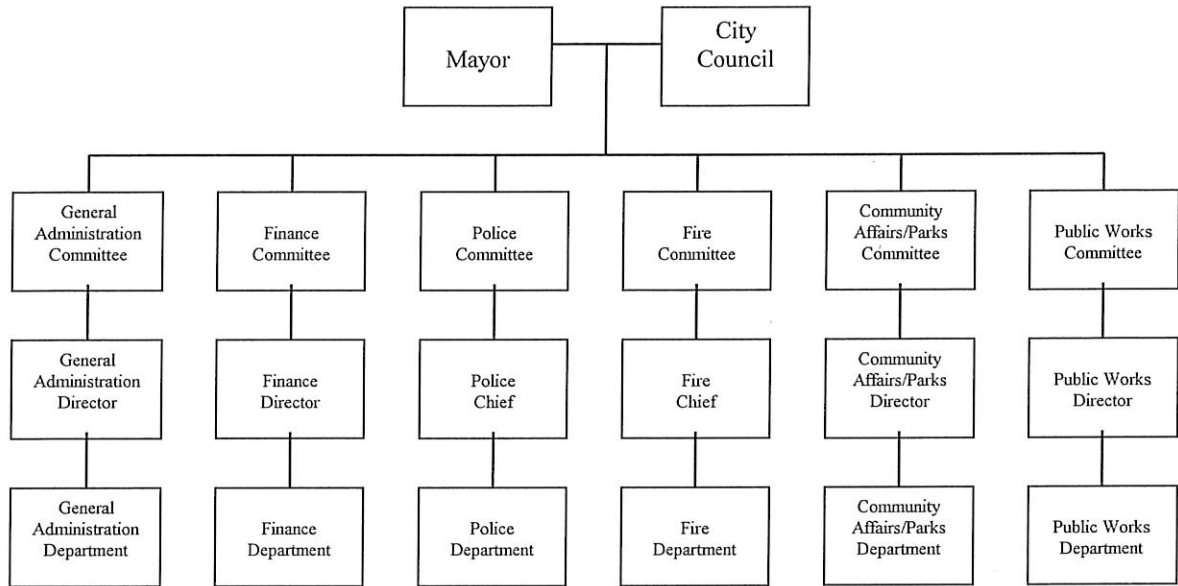
*Police Chief*

**Patrick Maxwell**

*Fire Chief*

CITY OF AUSTELL, GEORGIA

Organizational Structure



## FINANCIAL SECTION

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# **JAMES L. WHITAKER, P.C.**

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Member of  
The American Institute of  
Certified Public Accountants

Member of  
Georgia Society of  
Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Austell, Georgia (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Austell Natural Gas System, which statements reflect 100% of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, net position, revenues and expenses of the aggregate discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Austell Natural Gas System, is based solely on the reports of the other auditors. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Austell, Georgia, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparisons for the General Fund and the Multiple Grants Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12 and the Schedule of Changes in The Net Pension Liability and Related Ratios on pages 50 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Austell, Georgia's basic financial statements. The introductory section, combining nonmajor and individual fund financial statements and budget schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the individual fund financial statements and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the individual fund financial statements and budgetary schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued a report dated December 20, 2018 on our consideration of City of Austell, Georgia's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Austell, Georgia's internal control over financial reporting and compliance.

*James J. Whitaker, P.C.*

Snellville, Georgia  
December 20, 2018

## **City of Austell, Georgia Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018**

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 and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$27,638,358 (net position). Of this amount, \$3,021,110 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City had an increase in net positions of \$691,494 compared to a increase of \$319,952 in the prior fiscal year. Increases in franchise revenues, especially from the Austell Natural Gas System, substantially attributed to the positive change in net position for the year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,785,397. This represents an increase from the prior fiscal year of approximately \$780,668 due primarily to the increase in revenue from franchise fees from Austell Natural Gas System.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,971,615 or 86% of total current fiscal year General Fund expenditures. In the prior year, unassigned fund balance was \$4,134,921 or 62% 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 Position* presents information on all of the City's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

**City of Austell, Georgia**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

- 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 13-15 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 Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The basic governmental fund financials are presented on pages 16-21 of this report.

The City maintains one (1) General Fund, four (4) special revenue funds and six (6) capital projects funds. The City's General Fund is used for normal recurring activities of the City (i.e., police, fire, recreation, public works, and general government). The City's special revenue funds are: Confiscated Assets, Emergency Telephone System, Multiple Grants, and Hotel/Motel Tax funds. The capital projects funds are: 2005 Cobb County SPLOST, 2011 Cobb County SPLOST, 2016 Cobb County SPLOST, AACIC, Douglas County SPLOST and 2017 Douglas County SPLOST. Of these funds, the General Fund, Multiple Grants Fund, 2005 Cobb County SPLOST Fund, 2011 Cobb County SPLOST Fund, 2016 Cobb County SPLOST, and the Austell Area Community Council Fund are considered major funds and are presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. Data from the remaining governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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



**City of Austell, Georgia**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

The basic enterprise fund financial statements are presented on pages 22-25 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 26-49 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 position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$27,638,358 at the close of the most recent fiscal year.

A portion of the City's net position (68%) reflects its investment in capital assets such as land, buildings, infrastructure, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City has restricted net position of \$5,850,560 which is restricted for capital construction, law enforcement activities, tourism and development, and community enhancements as compared to \$6,641,258 of restricted net position of the prior fiscal year. The remaining balance of unrestricted net position \$3,021,110 may be used to meet the City's ongoing obligations to citizens and creditors.

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

**Net Position**

As noted earlier, the City's combined net position totals \$27,638,358 (excluding the City's component unit).

**City of Austell, Georgia**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

The following table provides a summary of the City's governmental and business-type activities' net position for the fiscal years ended 2018 and 2017:

Condensed Statement of Net Position  
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current assets	\$ 10,636,327	\$ 9,800,560	\$ 302,492	\$ 725,472	\$ 10,938,819	\$ 10,526,032
Capital assets	11,329,099	11,074,726	7,603,255	7,952,136	18,932,354	19,026,862
Other noncurrent assets	1,836,000	2,295,000	(1,836,000)	(2,295,000)	-	-
Total Assets	<u>23,801,426</u>	<u>23,170,286</u>	<u>6,069,747</u>	<u>6,382,608</u>	<u>29,871,173</u>	<u>29,552,894</u>
<b>Deferred Outflows</b>						
Deferred pension outflows	527,938	579,942	132,812	145,893	660,750	725,835
<b>Total Assets and Deferred Outflows</b>	<u>24,329,364</u>	<u>23,750,228</u>	<u>6,202,559</u>	<u>6,528,501</u>	<u>30,531,923</u>	<u>30,278,729</u>
<b>Liabilities</b>						
Current liabilities	439,033	804,944	621,170	419,645	1,060,203	1,224,589
Long-term liabilities	470,510	1,412,725	75,730	317,504	546,240	1,730,229
Total Liabilities	<u>909,543</u>	<u>2,217,669</u>	<u>696,900</u>	<u>737,149</u>	<u>1,606,443</u>	<u>2,954,818</u>
<b>Deferred Inflows</b>						
Deferred Inflows	1,028,411	301,261	258,711	75,786	1,287,122	377,047
<b>Total Liabilities and Deferred Inflows</b>	<u>1,937,954</u>	<u>2,518,930</u>	<u>955,611</u>	<u>812,935</u>	<u>2,893,565</u>	<u>3,331,865</u>
<b>Net Position:</b>						
Invested in capital assets, net of related debt	11,163,433	10,846,029	7,603,255	7,952,136	18,766,688	18,798,165
Restricted	5,850,560	6,641,258	-	-	5,850,560	6,641,258
Unrestricted	5,377,417	3,744,011	(2,356,307)	(2,236,570)	3,021,110	1,507,441
Total Net Assets	<u>\$ 22,391,410</u>	<u>\$ 21,231,298</u>	<u>\$ 5,246,948</u>	<u>\$ 5,715,566</u>	<u>\$ 27,638,358</u>	<u>\$ 26,946,864</u>

**City of Austell, Georgia**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

**Changes in Net Position**

**Governmental and business-type activities increased the City's net position by \$691,494.**  
**The following table provides a summary of the City's changes in net position:**

Condensed Changes in Net Position  
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 792,865	\$ 780,704	\$ 5,769,998	\$ 5,240,920	\$ 6,562,863	\$ 6,021,624
Operating grants and contributions	120,262	119,960	-	-	120,262	119,960
Capital grants and contributions	1,479,652	1,945,143	190,749	58,200	1,670,401	2,003,343
General revenues:						
Property taxes	719,486	628,527	-	-	719,486	628,527
Other taxes/ownership fees	7,145,093	5,894,150	-	-	7,145,093	5,894,150
Penalties & Interest	-	13,665	-	-	-	13,665
Intergovernmental	-	-	-	-	-	-
Unrestricted investment earnings	138,214	105,448	-	-	138,214	105,448
Miscellaneous	117,262	49,839	-	-	117,262	49,839
<b>Total Revenues</b>	<b>10,512,834</b>	<b>9,537,436</b>	<b>5,960,747</b>	<b>5,299,120</b>	<b>16,473,581</b>	<b>14,836,556</b>
<b>Expenses</b>						
General government	1,129,171	1,076,352	-	-	1,129,171	1,076,352
Public Safety and Courts	5,027,628	4,568,337	-	-	5,027,628	4,568,337
Public works	2,551,110	2,032,376	-	-	2,551,110	2,032,376
Culture and recreation	842,291	818,838	-	-	842,291	818,838
Housing and development	267,797	238,740	-	-	267,797	238,740
Tourism and economic development	4,204	4,530	-	-	4,204	4,530
Interest on long-term debt	6,797	6,018	-	-	6,797	6,018
Threadmill Complex	-	-	1,180,150	1,330,940	1,180,150	1,330,940
Water and sewer	-	-	3,928,471	3,682,465	3,928,471	3,682,465
Stormwater	-	-	348,047	297,631	348,047	297,631
Solid waste	-	-	496,421	460,377	496,421	460,377
<b>Total Expenses</b>	<b>9,828,998</b>	<b>8,745,191</b>	<b>5,953,089</b>	<b>5,771,413</b>	<b>15,782,087</b>	<b>14,516,604</b>
Change in net position before transfers	683,836	792,245	7,658	(472,293)	691,494	319,952
Transfers	476,276	(844,677)	(476,276)	844,677	-	-
<b>Change in Net Position</b>	<b>1,160,112</b>	<b>(52,432)</b>	<b>(468,618)</b>	<b>372,384</b>	<b>691,494</b>	<b>319,952</b>
Net Position, beginning of fiscal year, adjusted	21,231,298	21,283,730	5,715,566	5,343,182	26,946,864	26,626,912
<b>Net Position, end of fiscal year</b>	<b>\$ 22,391,410</b>	<b>\$ 21,231,298</b>	<b>\$ 5,246,948</b>	<b>\$ 5,715,566</b>	<b>\$ 27,638,358</b>	<b>\$ 26,946,864</b>

**City of Austell, Georgia  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

**Governmental Activities**

Governmental activities increased the City's net position by \$1,160,112. This can be attributed to increases in Franchise revenue.

Revenues for Governmental Activities increased by 10% compared to 2017.

**Governmental Activities  
Program Revenues and Expenses  
For the Fiscal Years Ended June 30, 2018 and June 30, 2017**

	2018		2017	
	Revenues	Expenses	Revenues	Expenses
General government	\$ 120,262	\$ 1,129,171	\$ 118,285	\$ 1,076,352
Public safety & courts	827,250	5,027,628	795,389	4,568,337
Public works	899,087	2,551,110	1,427,066	2,032,376
Culture and recreation	476,926	842,291	455,916	,818,838
Housing and development	69,254	267,797	49,151	238,740
Tourism and economic development	-	4,204	-	4,530
Interest on long-term debt	-	6,797	-	6,018
<b>Totals</b>	<b>\$ 2,392,779</b>	<b>\$ 9,828,998</b>	<b>\$ 2,845,807</b>	<b>\$ 8,745,191</b>

**Governmental Activities  
Revenues by Source  
For the Fiscal Years Ended June 30, 2018 and June 30, 2017**

	2018		2017	
	Amount	Percentage	Amount	Percentage
Charges for Service	\$ 792,865	8%	\$ 780,704	8%
Operating grants and contributions	120,262	1%	119,960	1%
Capital grants and contributions	1,479,652	14%	1,945,143	20%
Property taxes	719,486	7%	628,527	7%
Other taxes and ownership fees	7,145,093	68%	5,894,150	62%
Unrestricted investment earnings	138,214	1%	105,448	1%
Miscellaneous	117,262	1%	49,839	1%
Penalties & Interest	-	0%	13,665	0%
<b>Totals</b>	<b>\$ 10,512,834</b>	<b>100%</b>	<b>\$ 9,537,436</b>	<b>100%</b>

**Business-Type Activities**

Major revenue sources for the proprietary funds were charges for services of \$5,769,998. This is a 10% increase from the previous fiscal year. Expenses for the proprietary funds are \$5,953,089 which is a 3% increase from the previous fiscal year. This increase is mostly the result of water usage for the fiscal year 2018.

**City of Austell, Georgia**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

**Business-type Activities**  
**Program Revenues and Expenses**  
**For the Fiscal Years Ended June 30, 2018 and June 30, 2017**

	2018		2017	
	Revenues	Expenses	Revenues	Expenses
Threadmill Complex	\$ 1,281,453	\$ 1,180,150	\$ 1,239,607	\$ 1,330,940
Water and Sewer	3,955,495	3,928,471	3,368,274	3,682,465
Stormwater	320,634	348,047	309,709	297,631
Solid Waste	403,165	496,421	381,530	460,377
Totals	<u>\$ 5,960,747</u>	<u>\$ 5,953,089</u>	<u>\$ 5,299,120</u>	<u>\$ 5,771,413</u>

**Business-type Activities**  
**Revenues by Source**  
**For the Fiscal Years Ended June 30, 2018 and June 30, 2017**

	2018		2017	
	Amount	Percentage	Amount	Percentage
Charges for Service	\$ 5,769,998	99%	\$5,240,920	99%
Capital Grants and Contributions	190,749	1%	58,200	1%
Totals	<u>\$ 5,960,747</u>	<u>100%</u>	<u>\$5,299,120</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, 2018, the City's governmental funds reported a combined ending fund balance of approximately \$11.7 million. Of this total, approximately 5.7 million or 49% 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, 2018, unassigned fund balance of this fund was approximately \$5.9 million, while total fund balance was approximately \$6.1 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 86% of total General Fund expenditures, while total fund balance represents 89% of that same amount.

**City of Austell, Georgia**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

The fund balance of the General Fund increased substantially by \$1,915,623 during the fiscal year. Increases in franchise and ownership fees as well as a substantial reduction in net pension liability are the primary contributing factors.

The fund balance of the 2005 Cobb County SPLOST Fund decreased (\$361,696) during the fiscal year. The City completed resurfacing projects with the available fund balance. The fund is no longer receiving revenue as this tax has expired.

The fund balance of the 2011 Cobb County SPLOST Fund decreased (\$88,700) during the fiscal year. The key factors in this decrease is that the City purchased additional public safety equipment. This fund is also no longer receiving revenue as this tax has expired. Fund balance will continue to decrease until all funds are spent.

The fund balance of the 2016 Cobb County SPLOST Fund decreased by (\$720,501) during the fiscal year. The key factors in this decrease is the completion of long awaited resurfacing projects.

The fund balance of the AACIC fund increased \$21,955 due to interest revenue on certificates of deposit.

The fund balance of the Multiple Grants Fund increased \$77,253 during the fiscal year as a result of recording Intergovernmental revenue received in prior years.

**Enterprise Funds**

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

Net position for the Water and Sewer fund decreased by (\$114,253) due to expenditures for overall operations increasing substantially. The Threadmill, Stormwater, and Solid Waste Funds change in net position was a net decrease of (\$354,365), resulting in total net asset decrease of (\$468,618).

**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 were offset by amendments to total revenues and did not affect the overall budget.

During the year there was a significant budget amendment increasing salary line items for public safety personnel. These amounts were adjusted to make entry level positions competitive with other jurisdictions. Also, there was a need to make amendments to reallocate appropriations among departments when it became clear where some telecommunications expenditures and public safety expenditures were being charged. However, the movement of the appropriations between departments was not significant.

The most significant differences between estimated revenues and actual revenues were in Franchise and Other Taxes of \$1,157,418. Which is due to 11% ownership fees from Austell Gas System and a (\$99,452) shortfall in Fines and Forfeitures.

Franchise and Other Taxes are expected to maintain these levels due to the steady increases in property tax values and more importantly the increase in ownership fees to 11% of gross sales for Austell Gas System.

Fines and Forfeitures did not meet their mark due to turnover and vacant positions in police. The increase in entry level salaries is one of the ways the City hopes to fill these positions, as well as retain the current staff.

**City of Austell, Georgia**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

**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, 2018, was \$11,329,099 and \$7,603,255 respectively. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. The major additions and deletions to capital for the fiscal year were:

- Added new vehicles and equipment for public safety.
- Added new infrastructure and equipment purchased with SPLOST funds.

At June 30, 2018, the depreciable capital assets for governmental activities were 48% depreciated. The business-type activities are 54% depreciated.

Additional information on the City's capital assets can be found in Note 5 of the Basic Financial Statements of this report.

**Long-Term Debt**

During the current fiscal year, the City retired \$63,031 of outstanding capital lease obligations. At the end of the current fiscal year, the City of Austell had total debt outstanding of \$658,367 in which the majority of the debt included \$262,221 in pension liability.

Additional information on the City's long-term debt can be found in Note 7 of the Basic Financial Statements section of this report.

**Economic Conditions Affecting the City**

Key assumptions for fiscal year 2019 are summarized as follows:

- The Gas System ownership fees were budgeted to be approximately \$5.6 million. Anticipated revenue at the current rate of 11% gross sales is expected to be more for 2019.
- On September 18, 2009, the City of Austell, Georgia was flooded and almost 700 of its approximately 2,500 homes were severely affected. The HMGP Grant program is anticipated to decrease as funding for the program has been maxed out.
- 2016 SPLOST referendum was passed allowing the City to continue to improve transportation, enhance parks and purchase needed public safety equipment. A full year of revenue and expenses were received and are expected to continue

**Request for Information**

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

A complete set of financial statements for the City's component unit, Austell Natural Gas System, may be obtained at the entity's administrative offices at 2838 Joe Jerkins Blvd; P.O. Box 685, Austell, Georgia 30106.



**CITY OF AUSTELL, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Austell Natural Gas System
<b><u>Assets and Deferred Outflows</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 22,427	\$ 8,406	\$ 30,833	\$ 38,443,372
Investments	996,000	-	996,000	-
Receivables (net of allowance for uncollectibles)				
Taxes	262,636	-	262,636	-
Accounts	24,695	806,074	830,769	3,123,124
Other	235,645	-	235,645	-
Due from component unit	4,929,284	-	4,929,284	-
Due from other governments	333,098	-	333,098	-
Internal balances	2,432,676	(2,432,676)	-	-
Inventory	-	13,547	13,547	2,391,418
Prepaid items	208,552	71,141	279,693	371,741
Restricted assets -				
Cash	1,284,314	-	1,284,314	-
Investments	1,743,000	-	1,743,000	-
Non-depreciable assets	2,089,381	545,640	2,635,021	927,913
Depreciable assets, net	9,239,718	7,057,615	16,297,333	27,424,680
Total assets	23,801,426	6,069,747	29,871,173	72,682,248
<b>Deferred Outflows</b>				
Deferred pension outflows	527,938	132,812	660,750	1,323,501
<b>Total Assets and Deferred Outflows</b>	24,329,364	6,202,559	30,531,923	74,005,749

See accompanying notes to the basic financial statements.



**CITY OF AUSTELL, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Austell Natural Gas System
<b><u>Liabilities and Deferred Inflows</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 280,614	\$ 338,610	\$ 619,224	\$ 2,997,911
Accrued liabilities				
Salaries and wages	47,618	10,126	57,744	175,804
Customer Deposits	5,553	232,676	238,229	1,801,165
Interest	1,641	-	1,641	-
Due to primary government	-	-	-	5,139,248
Due to other governments	-	-	-	-
Unearned revenue	-	31,238	31,238	1,068,787
Deposits payable	-	-	-	-
Net OPEB obligation	-	-	-	-
Long-term liabilities				
Due within one year	103,607	8,520	112,127	444,119
Due in more than one year	470,510	75,730	546,240	2,062,275
Total liabilities	909,543	696,900	1,606,443	13,689,309
<b>Deferred Inflows</b>				
Deferred pension inflows	1,028,411	258,711	1,287,122	313,176
<b>Total Liabilities and Deferred Inflows</b>	1,937,954	955,611	2,893,565	14,002,485
<b>Net Position</b>				
Net Investment in capital assets	11,163,433	7,603,255	18,766,688	28,352,593
Restricted for:				
Capital projects	555,121	-	555,121	-
Law enforcement activities	38,572	-	38,572	-
Public safety activities	-	-	-	-
Tourism and economic development	2,659	-	2,659	-
Community enhancements	5,254,208	-	5,254,208	-
Unrestricted	5,377,417	(2,356,307)	3,021,110	31,650,671
Total net position	\$ 22,391,410	\$ 5,246,948	\$ 27,638,358	\$ 60,003,264

See accompanying notes to the basic financial statements.

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 1,129,171	\$ -	\$ 120,262	\$ -
Public safety and courts	5,027,628	600,942	-	226,308
Public works	2,551,110	-	-	899,087
Culture and recreation	842,291	122,669	-	354,257
Housing and development	267,797	69,254	-	-
Tourism and economic development	4,204	-	-	-
Interest on long-term debt	6,797	-	-	-
Total governmental activities	<u>9,828,998</u>	<u>792,865</u>	<u>120,262</u>	<u>1,479,652</u>
Business-type activities:				
Threadmill	1,180,150	1,281,453	-	-
Water and sewer	3,928,471	3,764,746	-	190,749
Stormwater	348,047	320,634	-	-
Solid waste	496,421	403,165	-	-
Total business-type activities	<u>5,953,089</u>	<u>5,769,998</u>	<u>-</u>	<u>190,749</u>
Total primary government	<u>\$ 15,782,087</u>	<u>\$ 6,562,863</u>	<u>\$ 120,262</u>	<u>\$ 1,670,401</u>
<b>Component unit:</b>				
Austell Natural Gas System	<u>\$ 50,831,044</u>	<u>\$ 53,679,879</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property

Franchise

Occupational

Insurance Premium

Sales and excise

Other

Unrestricted investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, adjusted

Net position - end of year

See accompanying notes to the basic financial statements.

Changes in Net Position

Primary Government		Component Unit	
Governmental Activities	Business-type Activities	Total	Austell Natural Gas System
\$ (1,008,909)	\$ -	\$ (1,008,909)	\$ -
(4,200,378)	-	(4,200,378)	-
(1,652,023)	-	(1,652,023)	-
(365,365)	-	(365,365)	-
(198,543)	-	(198,543)	-
(4,204)	-	(4,204)	-
(6,797)	-	(6,797)	-
<u>(7,436,219)</u>	<u>-</u>	<u>(7,436,219)</u>	<u>-</u>
-	101,303	101,303	-
-	27,024	27,024	-
-	(27,413)	(27,413)	-
<u>-</u>	<u>(93,256)</u>	<u>(93,256)</u>	<u>-</u>
-	7,658	7,658	-
<u>(7,436,219)</u>	<u>7,658</u>	<u>(7,428,561)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,848,835</u>
719,486	-	719,486	-
6,290,340	-	6,290,340	-
122,328	-	122,328	-
441,433	-	441,433	-
54,000	-	54,000	-
236,992	-	236,992	-
138,214	-	138,214	102,513
117,262	-	117,262	42,102
8,120,055	-	8,120,055	144,615
476,276	(476,276)	-	-
8,596,331	(476,276)	8,120,055	144,615
1,160,112	(468,618)	691,494	2,993,450
21,231,298	5,715,566	26,946,864	57,009,814
<u>\$ 22,391,410</u>	<u>\$ 5,246,948</u>	<u>\$ 27,638,358</u>	<u>\$ 60,003,264</u>

**CITY OF AUSTELL, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	General Fund	2005 Cobb County SPLOST Fund	2011 Cobb County SPLOST Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 22,427	\$ -	\$ 637,461
Investments	996,000	-	-
Receivables (net of allowance for uncollectibles)			
Taxes	262,341	-	-
Accounts	4,513	-	-
Other	225,000	-	-
Due from other governments	-	-	-
Due from other funds	718,649	-	-
Due from component unit	4,929,284	-	-
Prepaid items	184,089	-	-
Advances to other funds	-	-	-
Total assets	7,342,303	-	637,461
<b>Liabilities</b>			
Accounts payable	261,358	-	-
Accrued liabilities			
Salaries and wages	43,781	-	-
Customer Deposits	5,553	-	-
Due to other funds	554,136	-	88,700
Total liabilities	864,828	-	88,700
<b>Deferred Inflows</b>			
Unavailable revenues	321,771	-	-
Total liabilities and deferred inflows	1,186,599	-	88,700
<b>Fund balances</b>			
Nonsepdable -			
Prepaid items	184,089	-	-
Resticted -			
Capital projects	-	-	548,761
Law enforcement activities	-	-	-
Tourism and economic development	-	-	-
Community enhancements	-	-	-
Unassigned	5,971,615	-	-
Total fund balances	6,155,704	-	548,761
Total liabilities, deferred inflows and fund balance	\$ 7,342,303	\$ -	\$ 637,461

See accompanying notes to the basic financial statements.

2016 Cobb County SPLOST Fund	Austell Area Community Council Fund	Multiple Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,299	\$ 622,999	\$ 872	\$ 20,683	\$ 1,306,741
-	1,743,000	-	-	2,739,000
-	-	-	295	262,636
-	-	-	20,182	24,695
-	10,645	-	-	235,645
245,861	-	87,237	-	333,098
-	1,041,564	110,973	16,053	1,887,239
-	-	-	-	4,929,284
-	-	-	24,463	208,552
-	1,836,000	-	-	1,836,000
<u>248,160</u>	<u>5,254,208</u>	<u>199,082</u>	<u>81,676</u>	<u>13,762,890</u>
10,380	-	3,091	5,785	280,614
-	-	-	3,837	47,618
-	-	-	-	5,553
<u>406,473</u>	<u>-</u>	<u>241,254</u>	<u>-</u>	<u>1,290,563</u>
<u>416,853</u>	<u>-</u>	<u>244,345</u>	<u>9,622</u>	<u>1,624,348</u>
17,482	-	13,892	-	353,145
<u>434,335</u>	<u>-</u>	<u>258,237</u>	<u>9,622</u>	<u>1,977,493</u>
-	-	-	24,463	208,552
-	-	-	6,360	555,121
-	-	-	38,572	38,572
-	-	-	2,659	2,659
-	5,254,208	-	-	5,254,208
<u>(186,175)</u>	<u>-</u>	<u>(59,155)</u>	<u>-</u>	<u>5,726,285</u>
<u>(186,175)</u>	<u>5,254,208</u>	<u>(59,155)</u>	<u>72,054</u>	<u>11,785,397</u>
<u>\$ 248,160</u>	<u>\$ 5,254,208</u>	<u>\$ 199,082</u>	<u>\$ 81,676</u>	<u>\$ 13,762,890</u>

**CITY OF AUSTELL, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

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

Total fund balances -- total governmental funds	\$ 11,785,397
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,329,099
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Unavailable revenues	353,145
Deferred inflows and outflows related to the net pension obligation is not a current asset or liability:	
Deferred outflows	527,938
Deferred inflows	(1,028,411)
Long-term liabilities are not due in the current period and therefore are not reported in the funds:	
Capital leases	(165,666)
Accrued interest	(1,641)
Compensated absences	(198,936)
Net pension obligation	<u>(209,515)</u>
 Net position of governmental activities	 <u>\$ 22,391,410</u>

See accompanying notes to the basic financial statements

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

	General Fund	2005 Cobb County SPLOST Fund	2011 Cobb County SPLOST Fund
<b>Revenues:</b>			
Taxes	\$ 7,871,271	\$ -	\$ -
Licenses and permits	68,954	-	-
Intergovernmental	113,501	-	-
Charges for services	27,069	-	-
Fines and Forfeitures	442,923	-	-
Contributions and donations	5,261	-	-
Investment income	17,468	59	-
Miscellaneous	122,888	-	-
Total revenues	<u>8,669,335</u>	<u>59</u>	<u>-</u>
<b>Expenditures:</b>			
Current			
General government	888,019	-	-
Judicial	208,051	-	-
Public safety	4,029,649	-	-
Public works	821,312	-	-
Culture and recreation	710,179	-	-
Housing and development	234,911	-	-
Tourism and economic development	-	-	-
Capital outlay	41,147	361,755	88,700
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>6,933,268</u>	<u>361,755</u>	<u>88,700</u>
Excess (deficiency) of revenues over (under) expenditures	1,736,067	(361,696)	(88,700)
<b>Other Financing Sources (Uses):</b>			
Transfers	150,505	-	-
Disposition of capital assets	29,051	-	-
Total other financing sources (uses)	<u>179,556</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,915,623	(361,696)	(88,700)
Fund balance - beginning of the year	<u>4,240,081</u>	<u>361,696</u>	<u>637,461</u>
Fund balance - end of year	<u>\$ 6,155,704</u>	<u>\$ -</u>	<u>\$ 548,761</u>

See accompanying notes to the basic financial statements.



2016 Cobb County SPLOST Fund	Austell Area Community Council Fund	Multiple Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,495	\$ 7,873,766
-	-	-	-	68,954
1,413,258	-	44,632	6,392	1,577,783
-	-	-	123,671	150,740
-	-	-	7,579	450,502
-	-	1,500	-	6,761
167	120,747	-	-	138,441
-	-	86,920	679	210,487
<u>1,413,425</u>	<u>120,747</u>	<u>133,052</u>	<u>140,816</u>	<u>10,477,434</u>
-	92,592	-	-	980,611
-	-	-	-	208,051
-	-	-	534,698	4,564,347
-	6,200	55,799	-	883,311
-	-	-	-	710,179
-	-	-	-	234,911
-	-	-	4,204	4,204
2,063,417	-	-	3,876	2,558,895
63,036	-	-	-	63,036
7,473	-	-	-	7,473
<u>2,133,926</u>	<u>98,792</u>	<u>55,799</u>	<u>542,778</u>	<u>10,215,018</u>
(720,501)	21,955	77,253	(401,962)	262,416
-	-	-	338,696	489,201
-	-	-	-	29,051
-	-	-	338,696	518,252
(720,501)	21,955	77,253	(63,266)	780,668
<u>534,326</u>	<u>5,232,253</u>	<u>(136,408)</u>	<u>135,320</u>	<u>11,004,729</u>
<u>\$ (186,175)</u>	<u>\$ 5,254,208</u>	<u>\$ (59,155)</u>	<u>\$ 72,054</u>	<u>\$ 11,785,397</u>

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

Net change in fund balances - total governmental funds	\$ 780,668
<p>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</p>	
Capital outlay	1,173,544
Depreciation expense	(906,246)
<p>The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. This is the amount of net book value of assets disposed of during the current period.</p>	
Net book value of assets disposed of	-
Transfer of assets to enterprise funds	(12,925)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between the beginning and ending unavailable revenue balances in the current period.</p>	
	(21,932)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Repayment of long term debt	63,031
Debt issuance	-
<p>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.</p>	
Change in net pension obligation and related deferred items	164,381
Change in accrued interest payable	676
Change in compensated absences	(81,085)
	(81,085)
Change in net position of governmental activities	\$ 1,160,112

See accompanying notes to the basic financial statements

**CITY OF AUSTELL, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>Revenues</b>				
General property taxes	\$ 654,000	\$ 784,000	\$ 729,852	\$ (54,148)
Sales and excise taxes	54,000	54,000	54,293	293
Franchise and other taxes	5,162,500	5,362,500	6,519,918	1,157,418
Occupational and premium taxes	530,000	530,000	563,762	33,762
Penalties and interest	4,300	4,300	3,446	(854)
Licenses and permits	24,575	74,575	68,954	(5,621)
Intergovernmental	104,000	104,000	113,501	9,501
Charges for services	55,300	55,300	27,069	(28,231)
Fines and forfeitures	432,375	542,375	442,923	(99,452)
Interest income	-	-	17,468	17,468
Contributions and donations	-	-	5,261	5,261
Miscellaneous	134,000	134,000	122,888	(11,112)
Total Revenues	<u>7,155,050</u>	<u>7,645,050</u>	<u>8,669,335</u>	<u>1,024,285</u>
<b>Expenditures</b>				
General government -				
Legislative	273,507	273,507	272,128	1,379
General administrative	532,735	642,235	615,891	26,344
Total general government	<u>806,242</u>	<u>915,742</u>	<u>888,019</u>	<u>27,723</u>
Municipal court				
	<u>203,551</u>	<u>208,217</u>	<u>208,051</u>	<u>166</u>
Public safety -				
Police administration	1,729,168	1,936,020	1,761,939	174,081
Custody of prisoners	384,694	397,614	376,598	21,016
Fire administration	1,762,002	1,926,411	1,909,938	16,473
Total public safety	<u>3,875,864</u>	<u>4,260,045</u>	<u>4,048,475</u>	<u>211,570</u>
Public works -				
Highways and streets	498,908	575,184	578,793	(3,609)
Street lighting	202,000	144,000	142,758	1,242
Inmate detail	32,000	22,000	2,778	19,222
Maintenance and shop	128,688	109,213	98,508	10,705
Total public works	<u>861,596</u>	<u>850,397</u>	<u>822,837</u>	<u>27,560</u>
Culture and recreation -				
Community center	55,100	48,100	34,132	13,968
Community garden	-	-	-	-
Playgrounds	5,200	8,200	6,988	1,212
Special activities	109,195	114,195	90,438	23,757
Parks administration	634,800	653,550	599,417	54,133
Total culture and recreation	<u>804,295</u>	<u>824,045</u>	<u>730,975</u>	<u>93,070</u>
Housing and development -				
Protective inspection	21,540	21,540	16,819	4,721
Planning and zoning	117,450	120,450	120,010	440
Other facilities	39,000	39,000	34,706	4,294
Code enforcement	44,056	65,056	63,376	1,680
Total housing and development	<u>222,046</u>	<u>246,046</u>	<u>234,911</u>	<u>11,135</u>
Total Expenditures	<u>6,773,594</u>	<u>7,304,492</u>	<u>6,933,268</u>	<u>371,224</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>381,456</u>	<u>340,558</u>	<u>1,736,067</u>	<u>1,395,509</u>
Other Financing Sources (Uses):				
Transfers	(370,705)	(234,705)	150,505	385,210
Disposition of capital assets	-	-	29,051	29,051
Debt issue	-	-	-	-
Total Other Financing Sources (Uses)	<u>(370,705)</u>	<u>(234,705)</u>	<u>179,556</u>	<u>414,261</u>
Net Change in Fund Balances	10,751	105,853	1,915,623	1,809,770
Fund balance - beginning of year				
	<u>4,240,081</u>	<u>4,240,081</u>	<u>4,240,081</u>	<u>-</u>
Fund balance - end of year	<u>\$ 4,250,832</u>	<u>\$ 4,345,934</u>	<u>\$ 6,155,704</u>	<u>\$ 1,809,770</u>

See accompanying notes to the basic financial statements.

**CITY OF AUSTELL, GEORGIA  
 MULTIPLE GRANTS FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>				
Intergovernmental	\$ 195,000	\$ 195,000	\$ 44,632	\$ (150,368)
Contributions	-	-	1,500	1,500
Miscellaneous	-	-	86,920	86,920
	<u>195,000</u>	<u>195,000</u>	<u>133,052</u>	<u>(61,948)</u>
Total Revenues				
<b>EXPENDITURES</b>				
Public Works	175,000	175,000	55,799	119,201
Culture and Recreation	20,000	20,000	-	20,000
	<u>195,000</u>	<u>195,000</u>	<u>55,799</u>	<u>139,201</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>77,253</u>	<u>77,253</u>
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>77,253</u>	<u>77,253</u>
Fund balance - beginning of year	<u>(136,408)</u>	<u>(136,408)</u>	<u>(136,408)</u>	<u>-</u>
Fund balance- end of year	<u>\$ (136,408)</u>	<u>\$ (136,408)</u>	<u>\$ (59,155)</u>	<u>\$ 77,253</u>

See accompanying notes to the basic financial statements.

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**CITY OF AUSTELL, GEORGIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018**

	<b>BUSINESS ACTIVITIES - ENTERPRISE FUNDS</b>				<b>Total</b>
	<b>Threadmill Complex Fund</b>	<b>Water and Sewer Fund</b>	<b>Stormwater Fund</b>	<b>Nonmajor Solid Waste Fund</b>	
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>					
<b>Current assets</b>					
Cash	\$ 8,267	\$ 139	\$ -	\$ -	\$ 8,406
Investments	-	-	-	-	-
Receivables					
Accounts	7,237	516,725	249,021	33,091	806,074
Due from other funds	-	-	-	-	-
Prepaid items	12,094	42,624	16,378	45	71,141
Inventory	-	13,547	-	-	13,547
Total current assets	<u>27,598</u>	<u>573,035</u>	<u>265,399</u>	<u>33,136</u>	<u>899,168</u>
<b>Non-current assets</b>					
<b>Capital assets</b>					
Nondepreciable	488,140	57,500	-	-	545,640
Depreciable	7,807,875	2,658,100	4,954,612	-	15,420,587
	8,296,015	2,715,600	4,954,612	-	15,966,227
Accumulated depreciation	(3,886,628)	(2,308,409)	(2,167,935)	-	(8,362,972)
Total capital assets	<u>4,409,387</u>	<u>407,191</u>	<u>2,786,677</u>	<u>-</u>	<u>7,603,255</u>
<b>Total assets</b>	<u>4,436,985</u>	<u>980,226</u>	<u>3,052,076</u>	<u>33,136</u>	<u>8,502,423</u>
<b>DEFERRED OUTFLOWS</b>					
Deferred pension outflows	33,038	87,219	12,555	-	132,812
<b>Total assets and deferred outflows</b>	<u>4,470,023</u>	<u>1,067,445</u>	<u>3,064,631</u>	<u>33,136</u>	<u>8,635,235</u>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>					
<b>Current liabilities</b>					
Accounts payable	44,360	240,604	15,246	38,400	338,610
Customer deposits	23,988	208,688	-	-	232,676
Accrued liabilities	2,608	6,097	1,421	-	10,126
Due to other funds	-	-	-	-	-
Advance from other funds	596,676	-	-	-	596,676
Compensated absences	3,000	4,251	1,269	-	8,520
Unearned revenue	31,238	-	-	-	31,238
Total current liabilities	<u>701,870</u>	<u>459,640</u>	<u>17,936</u>	<u>38,400</u>	<u>1,217,846</u>
<b>Non-current liabilities</b>					
Advances from other funds	1,836,000	-	-	-	1,836,000
Compensated absences	9,001	12,753	1,270	-	23,024
Net pension liability	13,111	34,613	4,982	-	52,706
Total non-current liabilities	<u>1,858,112</u>	<u>47,366</u>	<u>6,252</u>	<u>-</u>	<u>1,911,730</u>
<b>Total liabilities</b>	<u>2,559,982</u>	<u>507,006</u>	<u>24,188</u>	<u>38,400</u>	<u>3,129,576</u>
<b>DEFERRED INFLOWS</b>					
Deferred pension inflows	64,356	169,900	24,455	-	258,711
<b>Total liabilities and deferred inflows</b>	<u>2,624,338</u>	<u>676,906</u>	<u>48,643</u>	<u>38,400</u>	<u>3,388,287</u>
<b><u>NET POSITION</u></b>					
Invested in capital assets	4,409,387	407,191	2,786,677	-	7,603,255
Unrestricted	(2,563,702)	(16,652)	229,311	(5,264)	(2,356,307)
<b>Total net position</b>	<u>\$ 1,845,685</u>	<u>\$ 390,539</u>	<u>\$ 3,015,988</u>	<u>\$ (5,264)</u>	<u>\$ 5,246,948</u>

See accompanying notes to the basic financial statements.

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

	<b>BUSINESS ACTIVITIES - ENTERPRISE FUNDS</b>				<b>Total</b>
	<b>Threadmill Complex Fund</b>	<b>Water and Sewer Fund</b>	<b>Stormwater Fund</b>	<b>Nonmajor Solid Waste Fund</b>	
<b>OPERATING REVENUES</b>					
Charges for services					
Water and sewer charges	\$ -	\$ 3,639,269	\$ -	\$ -	\$ 3,639,269
Sanitation fees	-	-	-	403,165	403,165
Stormwater fees	-	-	320,119	-	320,119
Rents and royalties	1,281,453	-	-	-	1,281,453
Miscellaneous	-	125,477	515	-	125,992
Total operating revenues	<u>1,281,453</u>	<u>3,764,746</u>	<u>320,634</u>	<u>403,165</u>	<u>5,769,998</u>
<b>OPERATING EXPENSES</b>					
Personal services and benefits	282,325	847,248	164,712	1,275	1,295,560
Contractual services	194,947	163,924	53,833	471,405	884,109
Supplies	338,422	2,781,690	22,528	2,741	3,145,381
Depreciation and amortization	274,186	80,577	98,974	-	453,737
Other	-	55,032	8,000	21,000	84,032
Total operating expenses	<u>1,089,880</u>	<u>3,928,471</u>	<u>348,047</u>	<u>496,421</u>	<u>5,862,819</u>
Operating income (loss)	<u>191,573</u>	<u>(163,725)</u>	<u>(27,413)</u>	<u>(93,256)</u>	<u>(92,821)</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>					
Interest income	-	-	-	-	-
Interest expense	(90,270)	-	-	-	(90,270)
Total non-operating revenues (expenses)	<u>(90,270)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,270)</u>
Income before transfers and capital contributions	101,303	(163,725)	(27,413)	(93,256)	(183,091)
Capital contributions	-	203,674	-	-	203,674
Transfers	4,200	(154,202)	(382,270)	43,071	(489,201)
Change in net position	105,503	(114,253)	(409,683)	(50,185)	(468,618)
Net position - beginning of year, adjusted	<u>1,740,182</u>	<u>504,792</u>	<u>3,425,671</u>	<u>44,921</u>	<u>5,715,566</u>
Net position - end of year	<u>\$ 1,845,685</u>	<u>\$ 390,539</u>	<u>\$ 3,015,988</u>	<u>\$ (5,264)</u>	<u>\$ 5,246,948</u>

See accompanying notes to the basic financial statements.

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

	<b>BUSINESS ACTIVITIES - ENTERPRISE FUNDS</b>				
	<b>Threadmill Complex Fund</b>	<b>Water and Sewer Fund</b>	<b>Stormwater Fund</b>	<b>Nonmajor Solid Waste Fund</b>	<b>Total</b>
<b>Cash flows from operating activities</b>					
Cash received from customers and user	\$ 1,271,052	\$ 3,807,626	\$ 312,523	\$ 414,950	\$ 5,806,151
Cash paid to suppliers for goods	(529,123)	(3,026,101)	(113,052)	(458,021)	(4,126,297)
Cash paid to employees	(200,480)	(602,123)	(110,581)	-	(913,184)
Net cash flows from operating activities	<u>541,449</u>	<u>179,402</u>	<u>88,890</u>	<u>(43,071)</u>	<u>766,670</u>
<b>Cash flows from investing activities</b>					
Interest received	-	-	-	-	-
(Purchase) / redemption of investments	-	-	-	-	-
Net cash flows from investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from non-capital financing activities</b>					
Transfers	4,200	(154,202)	(382,270)	43,071	(489,201)
Interest paid	(82,620)	-	-	-	(82,620)
Change in net pension liability	(59,045)	(155,878)	(22,437)	-	(237,360)
Change in due to/from other funds	(456,276)	(21,628)	359,273	-	(118,631)
Net cash flows from non-capital financing activities	<u>(593,741)</u>	<u>(331,708)</u>	<u>(45,434)</u>	<u>43,071</u>	<u>(927,812)</u>
<b>Cash flows from capital financing activities</b>					
Purchases / construction of capital assets	-	(48,475)	(43,456)	-	(91,931)
Capital contributions	-	190,749	-	-	190,749
Principal payments on long-term debt	-	-	-	-	-
Proceeds from disposition of capital assets	-	-	-	-	-
Interest paid	-	-	-	-	-
Net cash flows from capital financing activities	<u>-</u>	<u>142,274</u>	<u>(43,456)</u>	<u>-</u>	<u>98,818</u>
Net change in cash and cash equivalents	(52,292)	(10,032)	-	-	(62,324)
Cash and cash equivalents at beginning of year	<u>60,559</u>	<u>10,171</u>	<u>-</u>	<u>-</u>	<u>70,730</u>
Cash and cash equivalents at end of year	<u>\$ 8,267</u>	<u>\$ 139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,406</u>

See accompanying notes to the basic financial statements.



**CITY OF AUSTELL, GEORGIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**Reconciliation of Net Income to Net Cash Provided  
By Operating Activities**

	<u>Threadmill Complex Fund</u>	<u>Water and Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Nonmajor Solid Waste Fund</u>	<u>Total</u>
<b>Operating income (loss)</b>	\$ 191,573	\$ (163,725)	\$ (27,413)	\$ (93,256)	\$ (92,821)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	274,186	80,577	98,974	-	453,737
(Increase) decrease in receivables	(2,608)	35,614	(8,111)	11,785	36,680
(Increase) decrease in prepaid items	(3,879)	(15,263)	(4,901)	-	(24,043)
(Increase) decrease in inventories	-	-	-	-	-
(Increase) decrease in deferred pension outflows	3,254	8,591	1,236	-	13,081
Increase (decrease) in accounts payable	44,136	105,321	15,144	38,400	203,001
Increase (decrease) in customer deposits	(1,793)	7,266	-	-	5,473
Increase (decrease) in deferred pension inflows	45,504	120,130	17,291	-	182,925
Increase (decrease) in accrued liabilities	(2,924)	891	(3,330)	-	(5,363)
Increase (decrease) in unearned revenues	(6,000)	-	-	-	(6,000)
Total adjustments	<u>349,876</u>	<u>343,127</u>	<u>116,303</u>	<u>50,185</u>	<u>859,491</u>
<b>Net cash from operating activities</b>	<u>\$ 541,449</u>	<u>\$ 179,402</u>	<u>\$ 88,890</u>	<u>\$ (43,071)</u>	<u>\$ 766,670</u>
<b>Non-Cash Transactions -</b>					
Contributions of capital assets from other funds	<u>\$ -</u>	<u>\$ 12,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,925</u>

See accompanying notes to the basic financial statements.

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## **NOTES TO FINANCIAL STATEMENTS**

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**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Basis of Presentation**

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.

**B. The Reporting Entity**

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

Based upon criteria set forth by Governmental Accounting Standards Board (GASB) 61 “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and 34,” the accompanying financial statements present the City and its component unit, for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

**Discretely Presented Component Unit**

The Austell Natural Gas System (the “System”) is shown as a discretely presented component unit in the accompanying financial statements. The purpose of the System is to provide natural gas and related services throughout the City of Austell. The System currently serves customers in the City of Austell and residents of Cobb County and Douglas County, Georgia. The Mayor appoints all members to the System’s Board and the City is financially responsible for the payment of the debt issued by the System. The System has a July 31 fiscal year-end. Amounts shown as due from component unit and due to primary government may differ due to the City having a June 30 fiscal year-end, whereas the System has a July 31 fiscal year-end. Complete financial statements for the System can be obtained at the System’s administrative offices at 2838 Joe Jerkins Boulevard, Austell, Georgia 30106.

**C. Government-Wide Statements and Fund Financial Statements**

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

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

(See Independent Auditor’s Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**C. Government-Wide Statements and Fund Financial Statements – (Continued):**

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

**A. 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 soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers 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 judgements, 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 2005, 2011 and 2016 Cobb County SPLOST Capital Projects Funds** accounts for the acquisition and construction of major capital facilities and improvements that were approved by the voters of Cobb County, Georgia through the special purpose local option sales tax referendum. The amounts collected in these funds are restricted to be spent on capital projects throughout the City.

**The Austell Area Community Council Capital Projects** accounts for monies contributed by the Norfolk Southern Company for the purpose of constructing public facilities throughout the City or for other betterments of the community. The amounts collected in this fund, including interest revenue earned, are committed for certain items that lead to the betterment of the community. All expenditures from this fund are approved by the Austell Area Community Council Board and may include expenditures for supplies, services as well as capital projects.

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**D. Measurement Focus, Basis of Accounting, and Basis of Presentation – (Continued):**

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

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 and committed to expenditures for specific purposes.

The **capital projects fund** 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.

Additionally, the City reports the following fund as a nonmajor proprietary fund:

The **Solid Waste Fund** is used to account for the City's solid waste collection, recycling, and disposal activities. The City does contract with a private corporation for these services.

In accounting and reporting for its proprietary operations, the City applies all Governmental Accounting Standards Board (GASB) pronouncements. The City applies GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989.

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

**E. Budgets**

Annual appropriated budgets are adopted for all funds. Capital Projects Funds have a project length budget. 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 yearend. Encumbrance accounting – under with 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.

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**F. 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 banker's acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivision of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by securities equal to at least 110% of the excess deposits.

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.

**G. Short-Term and Long-Term Receivables and Payables**

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**H. Inventories**

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) methods. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased. Inventories (if any) 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.

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2018, 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 assets. The city uses the consumption method to account for prepaid items.

**J. Restricted Assets**

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants, if applicable. Other restricted assets exist due to enabling legislation, grant agreements or other contractual requirement.

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**K. 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 governmental-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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. Infrastructure (e.g. roads, bridges, sidewalks, and similar items) prior to July 1, 2003 have not been reported.

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 methods over the following estimated useful lives:

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

**L. 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 governmental-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.

**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 position. Bond premiums and discounts are accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are expensed in the period in which they are incurred.

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

(See Independent Auditor’s Report)



**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**N. Fund Equity and Net Position**

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

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

Fund balances are classified as follows:

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

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

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

*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 fund balance policy approved by an Ordinance of the City Council expressly delegates the authority to assign fund balance to the City’s Finance Director.

*Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Only deficits in fund balances may be reported as unassigned fund balance in other governmental funds.

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

**Net Position** – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in reporting, which utilizes the economic resources measurement focus. Amounts shown as net investment in capital assets are made up of capital asset costs, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e. the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The City’s government-wide statement of net position reports \$5,850,560 of restricted net position of which \$596,352 is restricted by enabling legislation.

(See Independent Auditor’s Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**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.

**Q. Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditures) until then. The City has one item that qualifies for reporting in this category as of June 30, 2018 which is deferred pension outflows recognized in the Statements of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City recognizes deferred pension inflows in its Statements of Net Position and also recognizes unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants.

**R. Pensions**

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

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**2. 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; any revisions that alter the total expenditures of a department require a budget amendment by the Mayor and City Council. The City did amend the budgets for various funds in December 2018.
6. Budgets are prepared on the GAAP basis.

The following funds and departments had material excesses (if over 4 percent and greater than \$5,000) of actual expenditures over appropriations for the fiscal year ended June 30, 2018:

Austell Area Community Council Fund	
General Government	\$ 9,972
Public Works	6,200

These over expenditures were funded by available fund balance.

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**3. DEPOSITS**

Total reported cash and investments as of June 30, 2018 are summarized as follows:

<u>Cash and investments</u>	<u>Amount</u>
Cash and Cash Equivalents	\$1,315,147
Investments - Certificates of Deposit	<u>2,739,000</u>
	<u>\$4,054,147</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, 2018, \$1,099,800 of the City’s bank balance of \$4,228,004 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution or its agent	<u>1,099,800</u>
Total	<u>\$ 1,099,800</u>

**4. 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 31<sup>st</sup>. After this date, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes are recorded as receivables and deferred inflows of resources when levied. Revenues are recognized when available.

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

(See Independent Auditor’s Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**4. RECEIVABLES – (Continued)**

Receivables at June 30, 2018, for the City’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds	General Fund	2016 Cobb	Austell Area	Multiple Grants Fund	Other Nonmajor Funds
		County SPLOST Fund	Community Council Fund		
Receivables					
Taxes	\$ 412,341	\$ -	\$ -	\$ -	\$ 295
Accounts	4,513	-	-	-	20,182
Due from other governments	-	245,861	-	87,237	-
Other	225,000	-	10,645	-	-
Gross Receivables	641,854	245,861	10,645	87,237	20,477
Less: Allowance for Uncollectibles	(150,000)	-	-	-	-
Net Total Receivables	<u>\$ 491,854</u>	<u>\$ 245,861</u>	<u>\$ 10,645</u>	<u>\$ 87,237</u>	<u>\$ 20,477</u>
<b>Proprietary Funds</b>					
		Threadmill Complex	Water and Sewer	Stormwater Management	Solid Waste
Accounts Intergovernmental		\$ 7,237	\$ 826,725	\$ 269,021	\$ 71,091
		-	-	-	-
Gross Receivable		7,237	826,725	269,021	71,091
Less: Allowance for Uncollectibles		-	(310,000)	(20,000)	(38,000)
Net Total Receivable		<u>\$ 7,237</u>	<u>\$ 516,725</u>	<u>\$ 249,021</u>	<u>\$ 33,091</u>

(See Independent Auditor’s Report)

## 5. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,983,611	\$ -	\$ -	\$ 1,983,611
Construction in progress	90,057	116,203	(100,490)	105,770
Total	<u>2,073,668</u>	<u>116,203</u>	<u>(100,490)</u>	<u>2,089,381</u>
Capital assets being depreciated:				
Buildings and improvements	6,773,771	147,546	-	6,921,317
Infrastructure	4,498,475	266,164	-	4,764,639
Furniture and fixtures	74,300	36,339	-	110,639
Machinery and equipment	2,270,313	32,720	-	2,303,033
Computer equipment	140,693	20,952	(12,925)	148,720
Vehicles	2,952,732	654,110	-	3,606,842
Total capital assets being depreciated	<u>16,710,284</u>	<u>1,157,831</u>	<u>(12,925)</u>	<u>17,855,190</u>
Less accumulated depreciation for:				
Buildings and improvements	3,315,518	234,037	-	3,549,555
Infrastructure	777,534	100,176	-	877,710
Furniture and fixtures	62,474	9,190	-	71,664
Machinery and equipment	1,260,407	281,450	-	1,541,857
Computer equipment	80,673	23,580	-	104,253
Vehicles	2,212,620	257,813	-	2,470,433
Total accumulated depreciation	<u>7,709,226</u>	<u>906,246</u>	<u>-</u>	<u>8,615,472</u>
Total capital assets being depreciated, net	<u>9,001,058</u>	<u>251,585</u>	<u>(12,925)</u>	<u>9,239,718</u>
Governmental capital assets, net	<u>\$11,074,726</u>	<u>\$ 367,788</u>	<u>\$ (113,415)</u>	<u>\$11,329,099</u>

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

General Government	\$ 133,945
Public Safety	306,649
Public Works	262,261
Culture and recreation	<u>203,391</u>
Total depreciation expense	<u>\$ 906,246</u>

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**5. PROPERTY, PLANT AND EQUIPMENT – (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 545,640	\$ -	\$ -	\$ 545,640
Construction in progress	-	-	-	-
Total	<u>545,640</u>	<u>-</u>	<u>-</u>	<u>545,640</u>
Capital assets being depreciated:				
Infrastructure	6,963,815	39,922	-	7,003,737
Buildings and improvements	7,743,506	-	-	7,743,506
Machinery and equipment	321,912	12,925	-	334,837
Vehicles	259,200	47,420	-	306,620
Computer equipment	<u>27,298</u>	<u>4,589</u>	<u>-</u>	<u>31,887</u>
Total capital assets being depreciated	<u>15,315,731</u>	<u>104,856</u>	<u>-</u>	<u>15,420,587</u>
Less accumulated depreciation for:				
Infrastructure	3,806,733	155,881	-	3,962,614
Buildings and improvements	3,549,661	266,602	-	3,816,263
Machinery and equipment	268,678	19,287	-	287,965
Vehicles	259,200	9,484	-	268,684
Computer equipment	<u>24,963</u>	<u>2,483</u>	<u>-</u>	<u>27,446</u>
Total capital assets being depreciated	<u>7,909,235</u>	<u>453,737</u>	<u>-</u>	<u>8,362,972</u>
Total capital assets being depreciated, net	<u>7,406,496</u>	<u>(348,881)</u>	<u>-</u>	<u>7,057,615</u>
Business-Type Activities capital assets, net	<u>\$ 7,952,136</u>	<u>\$ (348,881)</u>	<u>\$ -</u>	<u>\$ 7,603,255</u>

Depreciation expense was charged to functions/programs as follows:

Threadmill complex	\$ 274,186
Water and sewer	80,577
Stormwater	<u>98,974</u>
Total depreciation expense	<u>\$ 453,737</u>

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**5. PROPERTY, PLANT AND EQUIPMENT – (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Austell Natural Gas System</b>				
Capital assets, not being depreciated:				
Land	\$ 425,263	\$ 325,362	\$ -	\$ 750,625
Construction in progress	<u>2,691,583</u>	<u>3,922,913</u>	<u>(6,437,208)</u>	<u>177,288</u>
Total	<u>3,116,846</u>	<u>4,248,275</u>	<u>(6,437,208)</u>	<u>927,913</u>
Capital assets being depreciated:				
Infrastructure	84,361,538	7,858,661	-	92,220,199
Furniture, fixtures, and equipment	3,142,085	260,215	(155,184)	3,247,116
Vehicles	<u>1,475,476</u>	<u>207,826</u>	<u>(80,071)</u>	<u>1,603,231</u>
Total capital assets being depreciated	<u>88,979,099</u>	<u>8,326,702</u>	<u>(235,255)</u>	<u>97,070,546</u>
Less accumulated depreciation:	<u>67,099,046</u>	<u>3,564,842</u>	<u>(1,018,022)</u>	<u>69,645,866</u>
Total capital assets being depreciated, net	<u>21,880,053</u>	<u>4,761,860</u>	<u>782,767</u>	<u>27,424,680</u>
Austell Natural Gas System capital assets, net	<u>\$ 24,996,899</u>	<u>\$ 9,010,135</u>	<u>\$ (5,654,441)</u>	<u>\$ 28,352,593</u>

Depreciation of the original cost of depreciable assets is calculated using the composite straight-line method at the following rates:

Gas utility system	3.25%
Furniture, fixtures, and equipment	10.00
Electronic data procession equipment	16.67
Transportation vehicles	25.00

This composite method of depreciation as allowed by GASB No. 34 refers to the depreciation of a grouping of dissimilar assets of the same class using a uniform rate of depreciation as noted above. GASB No. 34 allows the rate of depreciation to be calculated in different ways. The method chosen by the Gas System is to base the rate of depreciation on its assessment of the life of the group of assets as a whole.

(See Independent Auditor's Report)



**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**6. OPERATING LEASES**

The City is the lessor of office space at the Threadmill Complex. During fiscal year 2018, the City received \$1,281,453 in operating lease revenue. The carrying value of the building and improvements of \$4,407,812 (cost of \$8,287,450 less accumulated depreciation of \$3,879,638, which includes \$274,186 depreciation expense in fiscal year 2018) is included in capital assets in the Threadmill Complex Fund. Most leases are year-to-year and expire at various times throughout the year. However, there are three (3) leases with terms extending beyond the end of the next fiscal year.

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

<u>Fiscal year ending</u>	<u>Total Revenues</u>
2019	\$ 891,000
2020	899,000
2021	909,000
2022	886,000
2023-2027	4,164,000
2028-2029	1,630,000

**7. LONG-TERM DEBT**

**Changes in Long-Term Debt**

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<b>Governmental Activities</b>					
Capital leases	\$ 228,697	\$ -	\$ (63,031)	\$ 165,666	\$ 53,607
Compensated Absences	117,851	204,851	(123,766)	198,936	50,000
Net pension liability	<u>1,153,049</u>	<u>-</u>	<u>(943,534)</u>	<u>209,515</u>	<u>-</u>
Total Governmental-Type Activity Long-Term Debt	<u>\$ 1,499,597</u>	<u>\$ 204,851</u>	<u>\$ (186,797)</u>	<u>\$ 574,117</u>	<u>\$ 103,607</u>
<b>Business-Type Activities</b>					
Compensated Absences	\$ 36,583	\$ 37,845	\$ (42,884)	\$ 31,544	\$ 8,520
Net pension liability	<u>290,066</u>	<u>-</u>	<u>(237,360)</u>	<u>52,706</u>	<u>-</u>
Total Business-Type Activity Long-Term Debt	<u>\$ 326,649</u>	<u>\$ 37,845</u>	<u>\$ (280,244)</u>	<u>\$ 84,250</u>	<u>\$ 8,520</u>

For governmental funds, compensated absences and net pension liabilities are liquidated by the General Fund from which employees' salaries are paid. For business-type activities, compensated absences and net pension liabilities are liquidated by the Threadmill Complex Fund, the Water and Sewer Fund, the Stormwater Fund, and the Solid Waste Fund from which employees' salaries are paid. Capital leases are currently being liquidated by the Cobb County SPLOST 2016 Fund.

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**7. LONG-TERM DEBT – (Continued)**

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, 2018, the City had assets with a net book value of \$216,280 (asset value of \$303,979 less accumulated depreciation of \$87,699) under capital leases. Annual depreciation (\$42,352) of these assets under capital leases is included in depreciation expense.

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

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 53,607	\$ 5,738	\$ 59,345
2020	66,968	3,544	70,512
2021	<u>45,091</u>	<u>1,491</u>	<u>46,582</u>
Total	<u>\$ 165,666</u>	<u>\$ 10,773</u>	<u>\$ 176,439</u>

Interest rates associated with the capital leases range from 3.1% to 3.3%.

**Austell Natural Gas System**

Long-term liability activity for the fiscal year ended July 31, 2018 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<b>Austell Natural Gas System</b>					
Net pension liability	\$ 1,902,375	\$ 1,816,767	\$ (2,343,206)	\$ 1,375,936	\$ -
Net OPEB liability	645,669	49,652	(8,982)	686,339	-
Compensated absences	<u>423,325</u>	<u>412,559</u>	<u>(391,765)</u>	<u>444,119</u>	<u>444,119</u>
Total Governmental-Type Activity Long-Term Debt	<u>\$ 2,971,369</u>	<u>\$ 2,278,978</u>	<u>\$ (2,743,953)</u>	<u>\$ 2,506,394</u>	<u>\$ 444,119</u>

The beginning balance for long-term debt and obligations has been restated as of the result of the implementation of GASB 75 related to the Gas System's OPEB Plan. As a result of the change in accounting principle, the System was required to restate beginning Net Position as shown below:

Net position, as previously reported	\$ 57,359,016
Remove old Net OPEB Obligation from Liabilities and Net Position	296,467
Remove Total OPEB Liability as of July 31, 2017 from Net Position and add to Liabilities	<u>(645,669)</u>
Net position, as restated	<u>\$ 57,009,814</u>

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**8. INTER-FUND TRANSACTIONS**

The composition of interfund receivable and payable balances at June 30, 2018 were as follows:

Payable To	Payable From					Total
	General	Multiple Grants Fund	Threadmill Complex Fund	Cobb Co SPLOST 2011 Fund	Cobb Co SPLOST 2016 Fund	
General	\$ -	\$ 241,254	\$ -	\$ 88,700	\$ 388,695	\$ 718,649
Nonmajor Austell Area	16,053	-	-	-	-	16,053
Community Council	444,888	-	596,676	-	-	1,041,564
Multiple Grants Fund	93,195	-	-	-	17,778	110,973
Cobb Co Splost 2016	-	-	-	-	-	-
<b>Total</b>	<b>\$ 554,136</b>	<b>\$ 241,254</b>	<b>\$ 596,676</b>	<b>\$ 88,700</b>	<b>\$ 406,473</b>	<b>\$ 1,887,239</b>

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. Amounts will be repaid in fiscal year 2019.

Advances from/to other funds are as follows:

Payable To	Payable From Threadmill Complex Fund
Austell Area Community Council	<u>\$ 1,836,000</u>

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**8. INTER-FUND TRANSACTIONS – (Continued)**

During fiscal year 2013, the City authorized an interfund agreement between the Austell Area Community Council Fund (AACC) and its Threadmill Complex Fund in which the AACC Fund advanced \$4,590,000 to the Threadmill Complex Fund in order to pay off its outstanding revenue bonds. The Threadmill Complex Fund began repaying the balance (plus interest) over nine (9) years commencing on September 1, 2013 and ending on September 1, 2022. Interest rates range from 3% to 4%. As of June 30, 2018, \$459,000 (which represents principal due on September 1, 2018) has been re-classed as a current liability.

Due to/from primary government and component units:

Payable To	Payable From
	Austell Natural Gas System
General	\$ 4,929,284

At June 30, 2018, Austell Natural Gas System owed the primary government \$4,929,284. However, the Gas System reported a payable of \$5,139,248. The difference is a result of the Gas System’s fiscal year-end being July 31, 2018 and reporting \$209,964 of additional fees due to the primary government.

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

Transfer To	Transfer From			
	General	Water & Sewer	Stormwater	Total
General	\$ -	\$ 128,284	\$ 382,270	\$ 510,554
Nonmajor	338,696	-	-	338,696
Threadmill	4,200	-	-	4,200
Solid waste	17,153	25,918	-	43,071
Total	<u>\$ 360,049</u>	<u>\$ 154,202</u>	<u>\$ 382,270</u>	<u>\$ 896,521</u>

Transfer 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) use unrestricted revenues of the General Fund to cover the operational shortfalls of the other funds.

In the Statement of Changes in Activities, additional transfers were recognized in the amount of \$12,925 as a result of the 2016 SPLOST Fund financing the purchase of utility meters compatible with the City’s utility billing system. Governmental Funds transferred the improvements to the Water and Sewer Fund in which it was recognized as a capital improvement. This increased the total transfers in the Statement of Activities to \$476,276. These transactions were recognized as capital outlay expenditures in the governmental funds and as capital contributions in the proprietary funds.

(See Independent Auditor’s Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**9. EMPLOYEE BENEFIT PLANS**

**Defined Benefit Plan – GMA Administered**

**Plan Description**

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

As provided by State law, benefit provisions for Participants in GMEBS are established and amended 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 immediately upon hiring. 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. Ten years of service is required for nonservice related disability benefits. Disability benefits are paid out at 20% of an employee's current salary. Death benefits are calculated using an actuarial reserve.

At January 1, 2018, the date of the most recent actuarial valuation, there were 165 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	35
Terminated vested participants not yet receiving benefits	39
Active employees - vested	61
Active employees - nonvested	<u>30</u>
Total	<u>165</u>

**Contributions**

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standard 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 fiscal year 2018, the actuarially determined contribution rate was 7.51% of covered payroll.

For fiscal year ended June 30, 2018, the City's recommended and actual contribution was \$311,874 which was actuarially determined and is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The amount of employer contributions recognized in the actuarial report dated January 1, 2018 and included in the government-wide statement of activities amounted to \$80,151.

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**9. EMPLOYEE BENEFIT PLANS – (Continued)**

**Defined Benefit Plan – GMA Administered, continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows and  
Deferred Outflows of Resources Related to Pensions**

At June 30, 2018, the City reported a liability of \$262,221 for its net pension liability. The net pension liability was measured as of September 30, 2017 and was determined by an actuarial valuation as of January 1, 2018. The changes in the Net Pension Liability for the year ended September 30, 2017 (the measurement date) were as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2016	\$ 10,479,139	\$ 9,036,025	\$ 1,443,114
Changes for the year-			
Service cost	193,792	-	193,792
Interest	801,491	-	801,491
Differences between expected and actual experience	(354,308)	-	(354,308)
Contributions - Employer	-	268,902	(268,902)
Net investment income	-	1,360,742	(1,360,742)
Benefit payments, including refunds of employee contributions	(274,649)	(274,649)	-
Administrative expense	-	(28,732)	28,732
Other	(220,956)	-	(220,956)
Net Changes	<u>145,370</u>	<u>1,326,263</u>	<u>(1,180,893)</u>
Balance at September 30, 2017	<u>\$ 10,624,509</u>	<u>\$ 10,362,288</u>	<u>\$ 262,221</u>

Effective January 1, 2015, the Plan was amended to provide for immediate participation for Employees. This change has no impact on service credited under the Plan and has no impact on benefits. As a result of this change, all Employees are now included in the valuation. This change has minimal impact on the Plan's liability.

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

- The investment return assumption was decreased from 7.75% to 7.5%.
- The inflation assumption was decreased from 3.25% to 2.75%.
- The cost-of-living assumption was decreased from 3.25% to 2.75%.

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**9. EMPLOYEE BENEFIT PLANS – (Continued)**

**Defined Benefit Plan – GMA Administered, continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows and  
Deferred Outflows of Resources Related to Pensions, continued**

For the year ended June 30, 2018, the City recognized pension expense and deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Service cost	\$ 193,792
Interest on The Pension Liability (TPL)	801,491
Administrative expenses	28,732
Expected return on assets	(698,956)
Deferred Inflows -	
Expensed portion of current year period differences between expected and actual experience in TPL	(70,860)
Expensed portion of current year period assumption changes	(44,192)
Expensed portion of current year period differences between projected and actual investment earnings	(132,358)
Current year recognition of deferred inflows and outflows established in prior years.	<u>2,502</u>
Total expense	<u>\$ 80,151</u>

\$233,905 reported as deferred outflows of resources related to pensions resulting from the City's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

F/Y/E June 30,	Deferred Outflows	Deferred Inflows	Net
2019	\$ 186,306	\$ (431,214)	\$ (244,908)
2020	186,306	(304,249)	(117,943)
2021	54,232	(304,249)	(250,017)
2022	<u>-</u>	<u>(247,410)</u>	<u>(247,410)</u>
	<u>\$ 426,844</u>	<u>\$ (1,287,122)</u>	<u>\$ (860,278)</u>

Outstanding balances of deferred outflows/inflows of resources related to pensions as of June 30, 2018 are as follows:

	Outflows	Inflows
Contributions subsequent to the measurement date	\$ 233,905	\$ -
Demographic	211,450	(307,408)
Investment	215,395	(752,064)
Assumption change	<u>-</u>	<u>(227,650)</u>
Total	<u>\$ 660,750</u>	<u>\$ (1,287,122)</u>

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**9. EMPLOYEE BENEFIT PLANS – (Continued)**

**Defined Benefit Plan – GMA Administered, continued**

**Actuarial Assumptions**

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

**Actuarial Assumptions:**

Net Investment Rate of Return	7.50%
Projected Salary Increases	2.75% plus service based merit increases
Cost of Living Adjustments	2.75%
Mortality Rates -	
Healthy	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward 2 years for males and 1 year for females
Disabled	RP-2000 Disabled Retiree Mortality Table with sex-distinct rate
Plan Termination Basis	1994 Group Annuity Reserving Unisex Table

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

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45.00%	6.71%
International equity	20.00%	7.71%
Global fixed income	5.00%	3.36%
Real estate	10.00%	5.21%
Domestic fixed income	20.00%	2.11%
Total	<u>100.00%</u>	

(See Independent Auditor's Report)



**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**9. EMPLOYEE BENEFIT PLANS – (Continued)**

**Defined Benefit Plan – GMA Administered, continued**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability  
 To Changes in the Discount Rate*

The following presents the City’s net pension liability calculated using the discount rate of 7.75 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease (6.50%)</b>	<b>Current Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Net Pension Liability	\$ 1,788,357	\$ 262,221	\$ (1,000,083)

**Pension Plan Net Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued City of Austell Retirement Plan financial report.

**10. 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, 2018, there were 30 plan members in the plan.

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, 2018 were \$102,712.

(See Independent Auditor’s Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**11. 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.

**12. 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 Interlock Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Worker's 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 judgement, 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.

**13. COMMITMENTS AND CONTINGENCIES**

**Litigation:**

The City is currently a defendant in a law suit in which the plaintiff claimed that the City had terminated his employment in violation of the Georgia Whistleblower Act. The plaintiff is asking the Court to award damages and attorney fees and cost of litigation. After conducting a thorough analysis of the claims management and legal counsel concluded that the City did not violate the Whistleblower Act. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

**Grant Contingencies:**

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

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**13. COMMITMENTS AND CONTINGENCIES, (Continued)**

**Stormwater Fees:**

At June 30, 2015 the City was in negotiations with a private corporation regarding the propriety of charging the Company stormwater fees. The Company maintained that they have a federal license to maintain their own stormwater run-off system and that the City does not participate in any activity related to the Company's system and therefore the Company should not be charged a fee. Unpaid stormwater fees assessed to the Company for the calendar years 2013 and 2014 amounted to \$176,900 and were reported in the City's Stormwater Fund Balance Sheet as of June 30, 2015. During fiscal year ended June 30, 2016 the Company and the City reached an agreement to solve the issue. Amounts owed as of June 30, 2015 were written off by the City and a settlement of \$110,000 was recorded by the City as a stormwater receivable. The Company also agreed to contribute to the City \$25,000 a year for the next ten years which was recorded as a receivable in the City's General Fund. The amount due from the Company as of June 30, 2018 was \$225,000.

**14. HOTEL/MOTEL LODGING TAX**

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 8%. Revenues were \$2,495 for the fiscal year ended June 30, 2018. Of this amount, 62.5%, or \$1,581, 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 \$4,204, including the amount remitted to the Cobb-Marietta Coliseum and Exhibit Hall Authority, during the current fiscal year to promote tourism as required by O.C.G.A. 48-13-51.

**15. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

General accepted accounting principles require disclosures, as a part of the basic financial statements – overview, of certain information concerning individual funds including –

A. Deficit fund balances or net position balances of individual funds – As of June 30, 2018, the Multiple Grant Fund had a negative fund balance of \$59,155, the 2016 Cobb County SPLOST Fund had a negative fund balance of \$186,175 and the Solid Waste Fund had a negative net position of \$5,264. Management expects the deficits to be funded through future revenues and transfers from the General Fund, if necessary.

B. Excess expenditures over budget – The City's Austell Area Community Council Fund incurred material excesses (if over 5 percent and greater than \$5,000) of expenditures over appropriations at the department level (the legal level of control) as reported in Note 2 to these financial statements.

(See Independent Auditor's Report)

**CITY OF AUSTELL, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS**

	Fiscal Year End									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Total Pension Liability</b>										
Service cost	\$ 193,792	\$ 163,813	\$ 167,487	\$ 186,539						
Interest	801,491	735,047	681,983	661,660						
Differences between expected and actual experience	(354,308)	271,158	121,886	(119,799)						
Changes of assumptions	(220,956)	-	-	(254,428)						
Benefit payments	(274,649)	(350,707)	(222,611)	(200,875)						
Net changes in total pension liability	145,370	819,311	748,745	273,097						
Total pension liability - beginning	10,479,139	9,659,828	8,911,083	8,637,986						
Total pension liability - ending	<u>\$ 10,624,509</u>	<u>\$ 10,479,139</u>	<u>\$ 9,659,828</u>	<u>\$ 8,911,083</u>						
										(Historical information prior to implementation of GASB 67/68 is not required)
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$ 268,902	\$ 281,446	\$ 292,687	\$ 345,081						
Net investment income	1,360,742	916,794	88,656	817,473						
Benefit payments	(274,649)	(350,707)	(222,611)	(200,875)						
Administrative expense	(28,732)	(17,350)	(19,975)	(16,055)						
Other	-	-	-	-						
Net change in fiduciary net position	1,326,263	830,183	138,757	945,624						
Plan fiduciary net position - beginning	9,036,025	8,205,842	8,067,085	7,121,461						
Plan fiduciary net position - ending	<u>\$ 10,362,288</u>	<u>\$ 9,036,025</u>	<u>\$ 8,205,842</u>	<u>\$ 8,067,085</u>						
										(Historical information prior to implementation of GASB 67/68 is not required)
<b>Net Pension Liability</b>										
Net pension liability	\$ 262,221	\$ 1,443,114	\$ 1,453,986	\$ 843,998						
Plan's fiduciary net position as a percentage of the total pension liability	97.53%	86.23%	84.95%	90.53%						
Covered-employee payroll	\$ 3,919,351	\$ 4,085,172	\$ 3,458,027	\$ 3,336,441						
Net pension liability as a percentage of covered payroll	6.69%	35.33%	42.05%	25.30%						
										(Historical information prior to implementation of GASB 67/68 is not required)

CITY OF AUSTELL, GEORGIA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 LAST 10 FISCAL YEARS

	Fiscal Year End									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contributions	311,874	289,231	278,851	297,299						
Contributions in relation to the actuarially determined contribution	(311,874)	(289,231)	(278,851)	(297,299)						
Contribution deficiency (excess)	-	-	-							
Covered-employee payroll	3,919,351	4,085,172	3,458,027	3,418,357						
Contributions as a percentage of covered-employee payroll	7.51%	8.23%	8.35%	8.55%						

(Historical information prior to implementation of GASB 67/68 is not required)

**CITY OF AUSTELL, GEORGIA**  
**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 1**

Significant methods and assumptions used in calculating the actuarially determined calculations are as follow:

**Methods and assumptions used to determine contribution rates:**

<p>Actuarial Cost Method          Amortization Method          Remaining Amortization Period          Asset Valuation Method</p>	<p>Projected Unit Credit          Closed level dollar for remaining unfunded liability          N/A          Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year.          The actuarial value is adjusted, if necessary, to be within 20% of market value.</p>
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**Actuarial Assumptions:**

<p>Net Investment Rate of Return          Projected Salary Increases          Cost of Living Adjustments          Mortality Rates -            Healthy            Disabled          Plan Termination Basis</p>	<p>7.50%          2.75% plus service based merit increases          2.75%            RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward 2 years for males and 1 year for females          RP-2000 Disabled Retiree Mortality Table with sex-distinct rates          1994 Group Annuity Reserving Unisex Table</p>
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Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

- The investment return assumption was decreased from 7.75% to 7.5%.
- The inflation assumption was decreased from 3.25% to 2.75%.
- The cost-of-living assumption was decreased from 3.25% to 2.75%.

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS  
AND SCHEDULES**

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**CITY OF AUSTELL, GEORGIA**

**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

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

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

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

**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.

**Douglas County Original and 2017 SPLOST Funds** – 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.



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

	<u>Special Revenue Funds</u>		
	<u>Confiscated Asset Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Hotel / Motel Tax Fund</u>
<b>Assets</b>			
Cash	\$ 12,144	\$ 2,006	\$ 173
Receivables -			
Taxes	-	-	295
Accounts	-	20,182	-
Due from other governments	-	-	-
Due from other funds	13,593	-	2,460
Prepaid items	-	24,463	-
Total assets	<u>25,737</u>	<u>46,651</u>	<u>2,928</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	-	5,516	269
Accrued liabilities	-	3,837	-
Total liabilities	<u>-</u>	<u>9,353</u>	<u>269</u>
<b>Fund balances</b>			
Nonspendable -			
Prepaid items	-	24,463	-
Restricted -			
Capital projects	-	-	-
Law enforcement activities	25,737	12,835	-
Tourism and economic development	-	-	2,659
Unassigned	-	-	-
Total fund balances	<u>25,737</u>	<u>37,298</u>	<u>2,659</u>
Total liabilities and fund balances	<u>\$ 25,737</u>	<u>\$ 46,651</u>	<u>\$ 2,928</u>

<b>Capital Project Funds</b>		
<b>Douglas County SPLOST Fund</b>	<b>2017 Douglas County SPLOST Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 6,360	\$ 20,683
-	-	295
-	-	20,182
-	-	-
-	-	16,053
-	-	24,463
<u>-</u>	<u>6,360</u>	<u>81,676</u>
-	-	5,785
-	-	3,837
<u>-</u>	<u>-</u>	<u>9,622</u>
-	-	24,463
-	6,360	6,360
-	-	38,572
-	-	2,659
-	-	-
<u>-</u>	<u>6,360</u>	<u>72,054</u>
<u>\$ -</u>	<u>\$ 6,360</u>	<u>\$ 81,676</u>

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

	<b>SPECIAL REVENUE FUND</b>		
	<b>Confiscated Asset Fund</b>	<b>Emergency Telephone System Fund</b>	<b>Hotel / Motel Tax Fund</b>
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ 2,495
Charges for services	-	123,671	-
Intergovernmental	-	-	-
Fine and forfeitures	7,579	-	-
Interest income	-	-	-
Miscellaneous	-	-	679
	<u>-</u>	<u>-</u>	<u>679</u>
Total revenues	<u>7,579</u>	<u>123,671</u>	<u>3,174</u>
<b>Expenditures:</b>			
Current			
Public safety	3,711	530,955	-
Public works	-	-	-
Culture and recreation	-	-	-
Tourism and economic development	-	-	4,204
Capital outlay			
Administrative	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Tourism and economic development	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,711</u>	<u>530,955</u>	<u>4,204</u>
Excess (deficiency) of revenues over expenditures	3,868	(407,284)	(1,030)
<b>Other Financing Sources (Uses):</b>			
Transfers	-	337,649	-
Capital lease proceeds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	337,649	-
Net change in fund balances	3,868	(69,635)	(1,030)
Fund balance - beginning of year	<u>21,869</u>	<u>106,933</u>	<u>3,689</u>
Fund balance - end of year	<u>\$ 25,737</u>	<u>\$ 37,298</u>	<u>\$ 2,659</u>

<b>Douglas County SPLOST Fund</b>	<b>2017 Douglas County SPLOST Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ 2,495
-	-	123,671
-	6,392	6,392
-	-	7,579
-	-	-
-	-	679
<u>-</u>	<u>6,392</u>	<u>140,816</u>
-	32	534,698
-	-	-
-	-	-
-	-	4,204
-	-	-
-	-	-
-	-	-
3,876	-	3,876
<u>-</u>	<u>-</u>	<u>-</u>
<u>3,876</u>	<u>32</u>	<u>542,778</u>
(3,876)	6,360	(401,962)
1,047	-	338,696
<u>-</u>	<u>-</u>	<u>-</u>
1,047	-	338,696
(2,829)	6,360	(63,266)
<u>2,829</u>	<u>-</u>	<u>135,320</u>
<u>\$ -</u>	<u>\$ 6,360</u>	<u>\$ 72,054</u>

**CITY OF AUSTELL, GEORGIA  
CONFISCATED ASSETS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Fines and forfeitures	\$ 500	\$ 500	\$ 7,579	\$ 7,079
Miscellaneous revenue	-	-	-	-
Total revenues	<u>500</u>	<u>500</u>	<u>7,579</u>	<u>7,079</u>
<b>Expenditures</b>				
Public safety	500	500	3,711	(3,211)
Total expenditures	<u>500</u>	<u>500</u>	<u>3,711</u>	<u>(3,211)</u>
Excess of revenues over (under) expenditures	-	-	<u>3,868</u>	<u>3,868</u>
<b>Other Financing Sources (Uses)</b>				
Transfers	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	3,868	3,868
Fund balance - beginning of year	<u>21,869</u>	<u>21,869</u>	<u>21,869</u>	<u>-</u>
Fund balance - end of year	<u>\$ 21,869</u>	<u>\$ 21,869</u>	<u>\$ 25,737</u>	<u>\$ 3,868</u>

**CITY OF AUSTELL, GEORGIA**  
**EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 129,000	\$ 117,000	\$ 123,671	\$ 6,671
Miscellaneous revenue	200	200	-	(200)
Total revenues	<u>129,200</u>	<u>117,200</u>	<u>123,671</u>	<u>6,471</u>
<b>Expenditures</b>				
Public safety	499,905	537,469	530,955	6,514
Total expenditures	<u>499,905</u>	<u>537,469</u>	<u>530,955</u>	<u>6,514</u>
Excess of revenues over (under) expenditures	<u>(370,705)</u>	<u>(420,269)</u>	<u>(407,284)</u>	<u>12,985</u>
<b>Other Financing Sources (Uses)</b>				
Transfers	370,705	363,705	337,649	(26,056)
Total other financing sources (uses)	<u>370,705</u>	<u>363,705</u>	<u>337,649</u>	<u>(26,056)</u>
Net change in fund balance	-	(56,564)	(69,635)	(13,071)
Fund balance - beginning of year	<u>106,933</u>	<u>106,933</u>	<u>106,933</u>	<u>-</u>
Fund balance - end of year	<u>\$ 106,933</u>	<u>\$ 50,369</u>	<u>\$ 37,298</u>	<u>\$ (13,071)</u>

**CITY OF AUSTELL, GEORGIA  
HOTEL/MOTEL TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 3,200	\$ 3,200	\$ 2,495	\$ (705)
Miscellaneous revenue	-	-	679	679
Total revenues	<u>3,200</u>	<u>3,200</u>	<u>3,174</u>	<u>(26)</u>
<b>Expenditures</b>				
Current				
Tourism and economic development	3,200	3,200	4,204	(1,004)
Total expenditures	<u>3,200</u>	<u>3,200</u>	<u>4,204</u>	<u>(1,004)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,030)</u>	<u>(1,030)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(1,030)	(1,030)
Fund balance - beginning of year	<u>3,689</u>	<u>3,689</u>	<u>3,689</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,689</u>	<u>\$ 3,689</u>	<u>\$ 2,659</u>	<u>\$ (1,030)</u>



**CITY OF AUSTELL, GEORGIA**  
**AUSTELL AREA COMMUNITY COUNCIL CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Interest income	\$ 82,620	\$ 82,620	\$ 120,747	\$ 38,127
Miscellaneous revenue	-	-	-	-
Total revenues	<u>82,620</u>	<u>82,620</u>	<u>120,747</u>	<u>38,127</u>
<b>Expenditures</b>				
General government	82,620	82,620	92,592	(9,972)
Public works	-	-	6,200	(6,200)
Public safety	-	-	-	-
Total expenditures	<u>82,620</u>	<u>82,620</u>	<u>98,792</u>	<u>(16,172)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>21,955</u>	<u>21,955</u>
<b>Other Financing Sources (Uses)</b>				
Transfers	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	21,955	21,955
Fund balance - beginning of year	<u>5,232,253</u>	<u>5,232,253</u>	<u>5,232,253</u>	<u>-</u>
Fund balance - end of year	<u>\$ 5,232,253</u>	<u>\$ 5,232,253</u>	<u>\$ 5,254,208</u>	<u>\$ 21,955</u>

**CITY OF AUSTELL, GEORGIA  
 SCHEDULE OF PROJECTS FINANCED  
 WITH COBB COUNTY SPECIAL PURPOSE SALES TAX 2005  
 FOR THE YEAR ENDED JUNE 30, 2018**

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST</u>	<u>EXPENDITURES</u>			<u>ESTIMATED PERCENT COMPLETE</u>
		<u>BEGINNING OF YEAR</u>	<u>CURRENT YEAR</u>	<u>TO DATE</u>	
<b>STREETS:</b>					
Roads, streets, curbs gutters and sidewalks	\$ 2,042,132	\$ 1,731,044	\$ 361,755	\$ 2,092,799	102%
<b>PUBLIC SAFETY:</b>					
Radio system	<u>160,334</u>	<u>156,742</u>	<u>-</u>	<u>156,742</u>	98%
	<u>\$ 2,202,466</u>	<u>\$ 1,887,786</u>	<u>\$ 361,755</u>	<u>\$ 2,249,541</u>	

**CITY OF AUSTELL, GEORGIA  
SCHEDULE OF PROJECTS FINANCED  
WITH COBB COUNTY SPECIAL PURPOSE SALES TAX 2011  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>ORIGINAL ESTIMATED COST</u>	<u>EXPENDITURES</u>			<u>ESTIMATED PERCENT COMPLETE</u>
		<u>BEGINNING OF YEAR</u>	<u>CURRENT YEAR</u>	<u>TO DATE</u>	
<b>TIER 1 PROJECTS</b>					
TRANSPORTATION -					
Improvements	\$ 2,137,355	\$ 1,497,166	\$ -	\$ 1,497,166	70.05%
Equipment	665,957	888,285	-	888,285	133.38%
PARKS -					
Improvements	968,046	837,674	-	837,674	86.53%
Equipment	200,000	375,078	-	375,078	187.54%
PUBLIC SAFETY -					
Improvements	5,828	-	-	-	0.00%
Equipment	695,000	1,102,421	88,700	1,191,121	171.38%
<b>TOTAL TIER 1 PROJECTS</b>	<u>4,672,186</u>	<u>4,700,624</u>	<u>88,700</u>	<u>4,789,324</u>	
<b>TIER 2 PROJECTS</b>					
TRANSPORTATION -					
Improvements	1,740,000				0.00%
PARKS -					
Other projects	725,000				0.00%
PUBLIC SAFETY -					
Other projects	435,000				0.00%
Fire equipment	60,000	-	-	-	0.00%
<b>TOTAL TIER 2 PROJECTS</b>	<u>2,960,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>TOTAL PROJECTS</b>	<u>\$ 7,632,186</u>	<u>\$ 4,700,624</u>	<u>\$ 88,700</u>	<u>\$ 4,789,324</u>	

**CITY OF AUSTELL, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED**  
**WITH COBB COUNTY SPECIAL PURPOSE SALES TAX 2016**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES			ESTIMATED PERCENT COMPLETE
		BEGINNING OF YEAR	CURRENT YEAR	TO DATE	
<b>STREETS:</b>					
Resurfacing	\$ 1,113,486	\$ -	\$ 962,673	\$ 962,673	86%
Roadway striping	211,032	-	9,810	9,810	5%
Curb and gutters	42,693	-	94,385	94,385	221%
Sidewalks	844,128	129,856	139,962	269,818	32%
Roadway drainage systems	193,309	-	31,817	31,817	16%
Sign replacement and upgrades	126,619	-	990	990	1%
Maintenance equipment	801,922	182,202	-	182,202	23%
Public works facility improvements	84,413	-	35,885	35,885	43%
Information technology upgrades	168,826	105,125	-	105,125	62%
<b>PARKS PROJECTS:</b>					
Threadmill Complex -					
Roof replacement	450,000	383,074	-	383,074	85%
Other improvements	300,000	29,880	-	29,880	10%
Parks maintenance facility improvements	200,000	47,792	209,223	257,015	129%
Upgrades to all city parks	431,345	4,172	-	4,172	1%
Park equipment	300,000	71,385	46,582	117,967	39%
<b>PUBLIC SAFETY:</b>					
2 positrons	125,000	41,057	6,750	47,807	38%
3 equipped patrol vehicles	222,175	-	36,494	36,494	16%
Fire engine	420,000	-	528,916	528,916	126%
Public safety radios	250,000	335,500	-	335,500	134%
Public safety training facility upgrade	56,912	18,397	7,318	25,715	45%
	<u>\$ 6,341,860</u>	<u>\$ 1,348,440</u>	<u>\$ 2,110,805</u>	<u>\$ 3,459,245</u>	

Note -

Expenditures paid with debt issues are not recognized in this schedule until repayment of the debt is made.

Expenditures in this schedule do not include grant related expenditures.

**CITY OF AUSTELL, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED**  
**WITH DOUGLAS COUNTY SPECIAL PURPOSE SALES TAX**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST</u>	<u>EXPENDITURES</u>			<u>ESTIMATED PERCENT COMPLETE</u>
		<u>BEGINNING OF YEAR</u>	<u>CURRENT YEAR</u>	<u>TO DATE</u>	
<b>PARK PROJECTS:</b>					
Park improvements	\$ 522,094	\$ 524,555	\$ 3,852	\$ 528,407	101%
	<u>\$ 522,094</u>	<u>\$ 524,555</u>	<u>\$ 3,852</u>	<u>\$ 528,407</u>	

**CITY OF AUSTELL, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED**  
**WITH DOUGLAS COUNTY 2017 SPECIAL PURPOSE SALES TAX**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES BEGINNING OF YEAR	CURRENT YEAR	TO DATE	ESTIMATED PERCENT COMPLETE
<b>PARK PROJECTS:</b>					
Suggs Park improvements	\$ 48,000	\$ -	\$ 32	\$ 32	0%
	<u>\$ 48,000</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 32</u>	

**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.

	<u>Page</u>
<b>Financial Trends .....</b>	<b>64</b>
<b>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</b>	
<b>Revenue Capacity .....</b>	<b>71</b>
<b>These schedules contain information to help the reader assess the City’s most significant local revenue sources, property taxes and franchise fees.</b>	
<b>Debt Capacity .....</b>	<b>77</b>
<b>These schedules present information to help the reader assess the affordability of the City’s current level of outstanding debt and the City’s ability to issue additional debt in the future.</b>	
<b>Demographic and Economic Information .....</b>	<b>82</b>
<b>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</b>	
<b>Operating Information .....</b>	<b>85</b>
<b>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.</b>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant fiscal year. GASB Statement number 54 established a hierarchy of fund balance classifications based primarily on the extent to which governments are bound by constraints placed on resources. The effective date for implementation of GASB 54 was for periods beginning after June 15, 2010. Presentation for fiscal years 2006-2010 are prior to the implementation of GASB Statement No. 54. Fiscal year 2011 was the first fiscal year of implementation for GASB Statement No. 54. Fiscal year 2013 was the first fiscal year of implementation of GASB 63 and 65 and 2015 was the first fiscal year of implementation of GASB 68.

**SCHEDULE I**  
**CITY OF AUSTELL, GEORGIA**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 8,053,182	\$ 8,005,695	\$ 8,262,097	\$ 8,110,670	\$ 8,604,518	\$ 9,356,493	\$ 9,609,100	\$ 10,464,287	\$ 10,846,029	\$ 11,163,437
Restricted	678,812	845,779	7,051,332	7,290,614	7,561,988	6,867,033	7,861,341	7,434,064	6,641,258	5,850,560
Unrestricted	10,227,220	10,566,154	3,971,920	3,325,569	4,567,337	6,217,288	4,518,361	3,385,379	3,744,011	5,377,413
<b>Total Governmental Activities Net Position</b>	<b>\$ 18,959,214</b>	<b>\$ 19,417,628</b>	<b>\$ 19,285,349</b>	<b>\$ 18,726,853</b>	<b>\$ 20,733,843</b>	<b>\$ 22,440,814</b>	<b>\$ 21,988,802</b>	<b>\$ 21,283,730</b>	<b>\$ 21,231,298</b>	<b>\$ 22,391,410</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 4,782,570	\$ 4,640,975	\$ 4,460,100	\$ 4,263,346	\$ 8,690,937	\$ 8,267,872	\$ 8,163,991	\$ 7,989,818	\$ 7,952,136	\$ 7,603,255
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	628,521	612,618	645,141	808,893	(4,074,253)	(3,254,903)	(3,241,479)	(2,646,636)	(2,236,570)	(2,356,307)
<b>Total Business-Type Activities Net Position</b>	<b>\$ 5,411,091</b>	<b>\$ 5,253,593</b>	<b>\$ 5,105,241</b>	<b>\$ 5,072,239</b>	<b>\$ 4,616,684</b>	<b>\$ 5,012,969</b>	<b>\$ 4,922,512</b>	<b>\$ 5,343,182</b>	<b>\$ 5,715,566</b>	<b>\$ 5,246,948</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 12,835,752	\$ 12,646,670	\$ 12,722,197	\$ 12,374,016	\$ 17,295,455	\$ 17,624,365	\$ 17,773,091	\$ 18,454,105	\$ 18,798,165	\$ 18,766,692
Restricted	678,812	845,779	7,051,332	7,290,614	7,561,988	6,867,033	7,861,341	7,434,064	6,641,258	5,850,560
Unrestricted	10,855,741	11,178,772	4,617,061	4,134,462	493,084	2,962,385	1,276,882	738,743	1,507,441	3,021,106
<b>Total Primary Government Net Position</b>	<b>\$ 24,370,305</b>	<b>\$ 24,671,221</b>	<b>\$ 24,390,590</b>	<b>\$ 23,799,092</b>	<b>\$ 25,350,327</b>	<b>\$ 27,453,783</b>	<b>\$ 26,911,314</b>	<b>\$ 26,626,912</b>	<b>\$ 26,946,864</b>	<b>\$ 27,638,358</b>

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



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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Program Expenses</b>										
Governmental activities	\$ 7,131,280	\$ 7,901,982	\$ 8,119,091	\$ 7,314,897	\$ 8,579,080	\$ 9,709,174	\$ 9,550,047	\$ 8,135,109	\$ 8,745,191	\$ 9,828,998
Business-type activities	4,485,555	5,060,291	4,945,651	5,321,028	5,167,716	5,139,625	5,299,025	5,672,317	5,771,413	5,953,089
<b>Total primary government program expenses</b>	<b>\$ 11,616,835</b>	<b>\$ 12,962,273</b>	<b>\$ 13,064,742</b>	<b>\$ 12,635,925</b>	<b>\$ 13,746,796</b>	<b>\$ 14,848,799</b>	<b>\$ 14,849,072</b>	<b>\$ 13,807,426</b>	<b>\$ 14,516,604</b>	<b>\$ 15,782,087</b>
<b>Program Revenues</b>										
Governmental activities	\$ 1,277,092	\$ 1,764,613	\$ 2,719,112	\$ 2,243,764	\$ 4,369,053	\$ 4,918,117	\$ 3,999,348	\$ 2,428,575	\$ 2,845,807	\$ 2,392,779
Business-type activities	4,109,301	4,755,501	4,600,647	5,221,338	4,980,031	5,167,434	4,797,281	5,151,692	5,299,120	5,960,747
<b>Total primary government program revenues</b>	<b>\$ 5,386,393</b>	<b>\$ 6,520,114</b>	<b>\$ 7,319,759</b>	<b>\$ 7,465,102</b>	<b>\$ 9,349,084</b>	<b>\$ 10,085,551</b>	<b>\$ 8,796,629</b>	<b>\$ 7,580,267</b>	<b>\$ 8,144,927</b>	<b>\$ 8,353,526</b>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (5,854,188)	\$ (6,137,369)	\$ (5,399,979)	\$ (5,071,133)	\$ (4,210,027)	\$ (4,791,057)	\$ (5,550,699)	\$ (5,706,534)	\$ (5,899,384)	\$ (7,436,219)
Business-type activities	(376,254)	(304,790)	(345,004)	(99,690)	(187,685)	27,809	(501,744)	(520,625)	(472,293)	7,658
<b>Total primary government net expense</b>	<b>\$ (6,230,442)</b>	<b>\$ (6,442,159)</b>	<b>\$ (5,744,983)</b>	<b>\$ (5,170,823)</b>	<b>\$ (4,397,712)</b>	<b>\$ (4,763,248)</b>	<b>\$ (6,052,443)</b>	<b>\$ (6,227,159)</b>	<b>\$ (6,371,677)</b>	<b>\$ (7,428,561)</b>
<b>General Revenues and Transfers</b>										
Governmental activities	\$ 5,915,554	\$ 6,595,783	\$ 5,267,700	\$ 4,512,637	\$ 6,217,017	\$ 6,483,453	\$ 6,094,055	\$ 5,001,462	\$ 5,846,952	\$ 8,596,331
Business-type activities	684,358	147,292	196,652	140,438	(267,870)	383,051	661,686	941,295	844,677	(476,276)
<b>Total primary government</b>	<b>\$ 6,599,912</b>	<b>\$ 6,743,075</b>	<b>\$ 5,464,352</b>	<b>\$ 4,653,075</b>	<b>\$ 5,949,147</b>	<b>\$ 6,866,504</b>	<b>\$ 6,755,741</b>	<b>\$ 5,942,757</b>	<b>\$ 6,691,629</b>	<b>\$ 8,120,055</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 61,366	\$ 458,414	\$ (132,279)	\$ (558,496)	\$ 2,006,990	\$ 1,692,396	\$ 543,356	\$ (705,072)	\$ (52,432)	\$ 1,160,112
Business-type activities	308,104	(157,498)	(148,352)	40,748	(455,555)	410,860	159,942	420,670	372,384	(468,618)
<b>Total primary government</b>	<b>\$ 369,470</b>	<b>\$ 300,916</b>	<b>\$ (280,631)</b>	<b>\$ (517,748)</b>	<b>\$ 1,551,435</b>	<b>\$ 2,103,256</b>	<b>\$ 703,298</b>	<b>\$ (284,402)</b>	<b>\$ 319,952</b>	<b>\$ 691,494</b>

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

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
General Government	\$ 888,240	\$ 1,525,256	\$ 1,718,896	\$ 807,178	\$ 773,771	\$ 800,543	\$ 1,027,466	\$ 940,163	\$ 1,076,352	\$ 1,129,171
Public Safety	4,385,022	4,295,540	4,411,166	4,087,061	4,162,807	4,288,329	4,398,624	4,755,040	4,568,337	5,027,628
Public Works	962,216	1,272,445	1,806,147	1,763,851	2,890,186	3,856,149	3,172,065	1,380,310	2,032,376	2,551,110
Solid Waste Management	99,908	6,754	1,706	72	-	-	-	-	-	-
Culture and recreation	693,455	713,925	89,615	600,637	680,191	673,860	844,926	847,871	818,838	842,291
Tourism and economic development	2,934	3,090	4,888	4,673	4,521	4,161	4,448	1,804	4,530	4,204
Housing and development	88,779	78,286	79,340	49,761	48,896	64,277	87,523	200,804	238,740	267,797
Interest on Long-Term Debt	10,726	6,686	7,333	1,664	18,708	21,855	14,995	9,117	6,018	6,797
<b>Total Governmental Activities</b>	<b>\$ 7,131,280</b>	<b>\$ 7,901,982</b>	<b>\$ 8,119,091</b>	<b>\$ 7,314,897</b>	<b>\$ 8,579,080</b>	<b>\$ 9,709,174</b>	<b>\$ 9,550,047</b>	<b>\$ 8,135,109</b>	<b>\$ 8,745,191</b>	<b>\$ 9,828,998</b>
<b>Business-Type Activities</b>										
Threadmill complex	\$ 1,431,768	\$ 1,386,394	\$ 1,373,794	\$ 1,408,770	\$ 1,323,467	\$ 1,314,778	\$ 1,324,380	\$ 1,259,062	\$ 1,330,940	\$ 1,180,150
Water and Sewer	\$ 3,053,787	\$ 3,177,074	\$ 3,125,881	\$ 3,472,137	\$ 3,308,126	\$ 3,256,714	\$ 3,180,705	\$ 3,508,458	\$ 3,682,465	\$ 3,928,471
Storm Water Utilities		\$ 378,725	\$ 304,530	\$ 290,936	\$ 401,950	\$ 422,208	\$ 412,974	\$ 455,082	\$ 297,631	\$ 348,047
Solid Waste	-	118,098	141,446	149,185	134,173	145,925	380,966	449,715	460,377	496,421
<b>Total Business-Type Activities</b>	<b>\$ 4,485,555</b>	<b>\$ 5,060,291</b>	<b>\$ 4,945,651</b>	<b>\$ 5,321,028</b>	<b>\$ 5,167,716</b>	<b>\$ 5,139,625</b>	<b>\$ 5,299,025</b>	<b>\$ 5,672,317</b>	<b>\$ 5,771,413</b>	<b>\$ 5,953,089</b>
<b>Total Governmental-Wide Expenses</b>	<b>\$ 11,616,835</b>	<b>\$ 12,962,273</b>	<b>\$ 13,064,742</b>	<b>\$ 12,635,925</b>	<b>\$ 13,746,796</b>	<b>\$ 14,848,799</b>	<b>\$ 14,849,072</b>	<b>\$ 13,807,426</b>	<b>\$ 14,516,604</b>	<b>\$ 15,782,087</b>

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

**SCHEDULE 4**  
**CITY OF AUSTELLE, GEORGIA**  
**GOVERNMENT-WIDE PROGRAM REVENUES**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Charges for Service										
General Government	\$ -	\$ 55,821	\$ 3,675	\$ 5,938	\$ 7,969	\$ 7,037	\$ -	\$ -	\$ -	\$ -
Judicial	-	660,810	437,067	526,675	596,609	515,859	-	-	-	-
Public Safety	733,632	117,046	136,493	123,571	130,805	136,735	742,034	554,763	604,183	600,942
Public Works	-	64,381	21,513	18,942	19,419	63,144	-	-	-	-
Solid Waste Management	89,693	2,898	4,056	3,758	3,910	3,773	-	-	-	-
Culture and recreation	64,892	-	-	-	-	-	46,324	101,491	127,370	122,669
Housing and development	14,335	-	-	-	-	-	36,261	40,274	49,151	69,254
Operating Grants and Contributions	81,138	293,258	548,637	16,222	310	590	10,509	265,947	119,960	120,262
Capital Grants and Contributions	293,402	570,399	1,567,671	1,548,658	3,610,031	4,190,979	3,164,220	1,466,100	1,945,143	1,479,652
<b>Total Governmental Activities</b>	<b>\$ 1,277,092</b>	<b>\$ 1,764,613</b>	<b>\$ 2,719,112</b>	<b>\$ 2,243,764</b>	<b>\$ 4,369,053</b>	<b>\$ 4,918,117</b>	<b>\$ 3,999,348</b>	<b>\$ 2,428,575</b>	<b>\$ 2,845,807</b>	<b>\$ 2,392,779</b>
<b>Business-Type Activities</b>										
Charges for Service										
Threadmill Complex	\$ 1,116,053	\$ 1,045,701	\$ 1,078,585	\$ 1,120,537	\$ 1,118,192	\$ 1,197,590	\$ 1,234,876	\$ 1,208,874	\$ 1,239,607	\$ 1,281,453
Water and Sewer	2,993,248	3,592,244	3,268,623	3,679,283	3,417,558	3,478,282	2,834,536	3,114,423	3,310,074	3,764,746
Stormwater	-	34,719	171,224	337,877	360,387	406,280	399,617	399,486	309,709	320,634
Solid Waste	-	82,837	82,215	83,641	83,894	85,282	301,257	352,184	381,530	403,165
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	26,995	76,725	58,200	190,749
<b>Total Business-Type Activities</b>	<b>\$ 4,109,301</b>	<b>\$ 4,755,501</b>	<b>\$ 4,600,647</b>	<b>\$ 5,221,338</b>	<b>\$ 4,980,031</b>	<b>\$ 5,167,434</b>	<b>\$ 4,797,281</b>	<b>\$ 5,151,692</b>	<b>\$ 5,299,120</b>	<b>\$ 5,960,747</b>
<b>Total Government-Wide Program Revenues</b>	<b>5,386,393</b>	<b>6,520,114</b>	<b>7,319,759</b>	<b>7,465,102</b>	<b>9,349,084</b>	<b>10,085,551</b>	<b>8,796,629</b>	<b>7,580,267</b>	<b>8,144,927</b>	<b>8,353,526</b>

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

**SCHEDULE 5**  
**CITY OF AUSTELL, GEORGIA**  
**GENERAL AND OTHER REVENUES**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
<b>Taxes</b>										
Property	\$ 709,691	\$ 706,063	\$ 588,691	\$ 583,391	\$ 651,736	\$ 576,380	\$ 547,923	\$ 632,335	\$ 628,527	\$ 719,486
Sales and Use	400,115	48,270	49,723	55,388	19,013	64,639	54,000	54,000	54,000	54,000
Franchise taxes and ownership fees	4,700,934	5,033,139	4,002,266	3,780,532	5,022,783	5,598,620	5,268,203	4,297,921	5,144,315	6,290,340
Other	555,630	543,458	523,631	137,457	144,820	552,349	581,536	656,935	695,835	800,753
Penalties and Interest	11,927	3,770	16,446	2,321	13,871	18,782	1,536	10,490	13,665	-
Intergovernmental	-	-	-	-	-	-	103,665	107,624	-	-
Unrestricted Investment Earnings	213,824	127,806	12,060	4,253	3	-	116,931	110,209	105,448	138,214
Miscellaneous	630	161,309	264,452	73,275	96,921	55,734	81,830	73,241	49,839	117,262
Gain on sale of capital assets	-	116,243	-	14,103	-	-	-	-	-	-
Transfers	(677,197)	(144,275)	(189,569)	(140,083)	267,870	(383,051)	(661,569)	(941,295)	(844,677)	476,276
<b>Total Governmental Activities</b>	<b>\$ 5,915,554</b>	<b>\$ 6,595,783</b>	<b>\$ 5,267,700</b>	<b>\$ 4,512,637</b>	<b>\$ 6,217,017</b>	<b>\$ 6,483,453</b>	<b>\$ 6,094,055</b>	<b>\$ 5,001,462</b>	<b>\$ 5,846,952</b>	<b>\$ 8,596,331</b>
<b>Business-Type Activities</b>										
Unrestricted Investment Income	\$ 7,161	\$ 3,017	\$ 7,083	\$ 355	\$ -	\$ -	\$ 117	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	677,197	144,275	189,569	140,083	(267,870)	383,051	661,569	941,295	844,677	(476,276)
<b>Total Business-Type Activities</b>	<b>\$ 684,358</b>	<b>\$ 147,292</b>	<b>\$ 196,652</b>	<b>\$ 140,438</b>	<b>\$ (267,870)</b>	<b>\$ 383,051</b>	<b>\$ 661,686</b>	<b>\$ 941,295</b>	<b>\$ 844,677</b>	<b>\$ (476,276)</b>
<b>Total Government-Wide General and Other Revenue</b>	<b>\$ 6,599,912</b>	<b>\$ 6,743,075</b>	<b>\$ 5,464,352</b>	<b>\$ 4,653,075</b>	<b>\$ 5,949,147</b>	<b>\$ 6,866,504</b>	<b>\$ 6,755,741</b>	<b>\$ 5,942,757</b>	<b>\$ 6,691,629</b>	<b>\$ 8,120,055</b>

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

SCHEDULE 6  
CITY OF AUSTELL, GEORGIA  
FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 364,276	\$ 232,944								
Unreserved	3,967,587	4,383,560								
Total General Fund	\$ 4,331,863	\$ 4,616,504								
All Other Governmental Funds										
Reserved	\$ 712,924	\$ 14,903								
Unreserved	\$ 107,249	\$ 190,472								
Special revenue funds	5,731,118	6,528,570								
Capital projects funds										
Total all other governmental funds	\$ 6,551,291	\$ 6,733,945								
General Fund										
Nonspendable:										
Prepays Items	\$ 89,245	\$ 133,649	\$ 191,654	\$ 368,413	\$ 354,080	\$ 206,603	\$ 105,160	\$ 184,089		
Inventory	5,187	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	32,302	-	-	-	-	-	-	-	-	-
Unassigned	3,906,885	3,170,763	4,163,355	5,057,467	5,156,013	3,897,217	4,134,921	5,971,615		
Total General Fund	\$ 4,033,619	\$ 3,304,412	\$ 4,355,009	\$ 5,425,880	\$ 5,510,093	\$ 4,103,820	\$ 4,240,081	\$ 6,155,704		
All Other Governmental Funds										
Nonspendable for:										
Prepaid items	\$ 13,097	\$ 20,664	\$ 21,466	\$ 47,270	\$ 41,864	\$ 40,216	\$ 259,798	\$ 24,463		
Advances to other funds	-	-	4,131,000	3,672,000	-	-	-	-	-	-
Restricted										
Capital Projects	6,745,122	7,223,817	3,385,900	3,045,772	2,104,555	1,889,409	1,286,422	555,121		
Law enforcement activities	6,312	7,595	8,112	36,510	17,403	21,937	21,869	25,737		
Public safety activities	292,961	53,240	32,102	108,719	273,432	75,350	97,025	12,835		
Tourism and Promotion	6,937	5,962	4,874	4,032	3,277	4,980	3,689	2,659		
Community enhancements	-	-	-	688,500	5,462,674	5,442,388	5,232,253	5,254,208		
Assigned	(114,255)	(63,060)	-	-	(131,963)	(130,213)	(136,408)	(245,330)		
Unassigned	\$ 6,950,174	\$ 7,248,218	\$ 7,583,454	\$ 7,602,803	\$ 7,771,242	\$ 7,344,067	\$ 6,764,648	\$ 5,629,693		
Total All Other Governmental Funds										

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

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

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Taxes	\$ 6,992,321	\$ 6,297,590	\$ 5,184,197	\$ 4,529,825	\$ 5,858,320	\$ 6,936,519	\$ 6,510,245	\$ 5,633,841	\$ 6,526,477	\$ 7,873,766
Licenses and Permits	14,335	66,212	23,344	22,550	24,583	67,808	36,261	40,274	49,151	68,954
Fines and forfeitures	567,212	660,810	437,067	526,675	596,609	515,859	593,532	404,558	451,287	450,502
Charges for Services	255,588	173,934	142,393	129,659	137,520	142,881	148,502	150,206	152,896	150,740
Intergovernmental	244,025	861,803	2,026,232	1,517,312	3,360,811	4,058,452	3,065,865	1,588,772	1,962,922	1,577,783
Investment Earnings	216,014	129,056	96,358	51,245	118,685	132,527	116,731	110,259	105,448	138,441
Penalties and interest	11,927	-	-	-	-	-	-	-	-	-
Contributions and donations	550	604	2,018	576	310	590	194,851	14,137	39,701	6,761
Miscellaneous	68,637	161,309	264,452	73,275	96,921	55,734	129,299	106,774	200,446	210,487
Total All Governmental Funds	<u>7,770,609</u>	<u>8,351,318</u>	<u>8,176,061</u>	<u>6,851,117</u>	<u>10,193,759</u>	<u>11,910,370</u>	<u>10,795,286</u>	<u>8,048,821</u>	<u>9,488,328</u>	<u>10,477,434</u>
<b>Expenditures</b>										
General Government	796,164	1,521,556	1,423,125	783,171	719,992	862,705	938,690	851,848	949,533	980,611
Public Safety	3,956,609	3,989,979	4,056,127	3,797,004	3,823,207	3,974,904	4,047,226	4,372,289	4,111,375	4,564,347
Judicial	149,780	137,645	174,265	166,459	176,421	176,700	198,709	203,573	193,973	208,051
Public Works	791,490	1,243,849	1,812,906	2,018,153	2,721,570	3,649,359	2,959,247	854,184	1,369,883	883,311
Solid waste management	102,674	6,754	1,706	72	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-
Tourism and economic development	2,934	3,090	4,888	4,673	4,521	4,161	4,448	1,804	4,530	4,204
Culture and recreation	583,853	676,223	660,151	843,309	557,912	617,025	694,264	681,735	629,503	710,179
Housing and development	93,977	78,286	79,340	49,761	48,896	64,277	124,041	344,477	201,016	234,911
<b>Debt Service</b>										
Principal	175,550	144,309	123,135	19,989	280,966	265,919	314,452	212,918	64,490	63,036
Interest	20,320	11,690	7,333	1,664	18,708	21,855	14,995	6,800	6,018	7,473
<b>Capital Outlay</b>										
Total Expenditures	<u>580,624</u>	<u>245,472</u>	<u>60,172</u>	<u>1,942</u>	<u>1,237,135</u>	<u>814,769</u>	<u>872,646</u>	<u>2,036,819</u>	<u>2,025,449</u>	<u>2,538,895</u>
Excess (Deficit) of Revenue Over Expenditure:	<u>7,253,975</u>	<u>8,058,853</u>	<u>8,403,148</u>	<u>7,686,197</u>	<u>9,589,328</u>	<u>10,451,674</u>	<u>10,168,718</u>	<u>9,566,447</u>	<u>9,555,770</u>	<u>10,215,018</u>
<b>Other Financing Sources (Uses)</b>										
Proceeds from long-term debt	516,634	292,465	(227,087)	(835,080)	604,431	1,458,696	626,568	(1,517,626)	(67,442)	262,416
Proceeds from sale of capital assets	-	60,000	-	529,217	513,532	-	-	303,888	-	-
Transfer in	-	259,105	50,000	14,783	-	-	-	72,089	57,703	29,051
Transfer out	(677,197)	1,045,577	1,043,978	671,512	1,210,930	611,803	519,526	190,942	345,063	489,201
Total Other Financing Sources (Uses)	<u>(677,197)</u>	<u>(1,189,852)</u>	<u>(1,233,547)</u>	<u>(811,595)</u>	<u>(943,060)</u>	<u>(994,854)</u>	<u>(893,442)</u>	<u>(882,741)</u>	<u>(778,482)</u>	<u>-</u>
Net Change in Fund Balance	\$ (160,563)	\$ 467,295	\$ (366,656)	\$ (431,163)	\$ 1,385,833	\$ 1,075,645	\$ 252,652	\$ (1,833,448)	\$ (443,158)	\$ 780,668
Debt service expenditures to noncapital expenditures	3.02%	2.04%	1.59%	28.00%	3.72%	2.89%	3.45%	2.88%	0.89%	0.78%

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
2009	6,404,248	14,335	244,025	255,588	567,212	216,014	550	68,637	7,770,609
2010	6,297,590	66,212	861,803	173,934	660,810	129,056	604	161,309	8,351,318
2011	5,184,197	23,344	2,026,232	142,393	437,067	96,358	2,018	264,452	8,176,061
2012	4,529,825	22,550	1,517,312	129,659	526,675	51,245	576	73,275	6,851,117
2013	5,858,320	24,583	3,360,811	137,520	596,609	118,685	310	96,921	10,193,759
2014	6,936,519	67,808	4,058,452	142,881	515,859	132,527	590	55,734	11,910,370
2015	6,510,245	36,261	3,065,865	148,502	593,532	116,731	194,851	129,299	10,795,286
2016	5,633,841	40,274	1,588,772	150,206	404,558	110,259	14,137	106,774	8,048,821
2017	6,526,477	49,151	1,962,922	152,896	451,287	105,448	39,701	200,446	9,488,328
2018	7,873,766	68,954	1,577,783	150,740	450,502	138,441	6,761	210,487	10,477,434

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

(1) General Fund, Special Revenue Funds, and Capital Projects Funds.

(2) Includes ownership fees received from Austell Natural Gas System. Increase from 2013 to 2014 due to Franchise tax rate increase from 8% to 9% which is paid by the 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
2008/2009	131,719,176	54,773,866	19,245,151	288,062	14,330,130	5,144,278	215,212,107	3.12
2009/2010	92,574,253	55,725,122	34,500,679	256,036	12,103,030	4,172,299	190,986,821	3.12
2010/2011	78,992,107	50,992,334	37,464,575	231,216	11,479,580	3,604,271	175,555,541	3.12
2011/2012	69,018,830	43,699,336	33,365,118	221,181	11,719,690	2,792,738	155,231,417	4.00
2012/2013	67,459,717	43,204,843	33,676,562	213,288	12,998,120	2,477,617	155,074,913	4.00
2013/2014	71,739,299	41,768,814	34,197,475	208,014	11,131,680	3,497,206	155,548,076	4.00
2014/2015	84,431,889	42,706,606	14,533,006	205,404	8,053,150	3,277,880	146,652,175	3.06
2015/2016	89,432,769	42,558,103	14,433,030	204,009	6,044,990	2,682,248	149,990,653	3.06
2016/2017	106,926,444	44,250,188	25,517,319	194,698	4,415,100	3,661,253	177,642,496	3.25
2017/2018	122,359,415	49,052,115	25,438,729	189,426	3,233,800	2,562,544	197,710,941	3.25

Source: Cobb County Tax Assessor

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



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

Tax Year/Fiscal Year	City	Cobb County (1)			State	Total
		County	Board of Education			
2007/2008	3.12	9.60	18.90	0.25	31.87	
2008/2009	3.12	9.60	18.90	0.25	31.87	
2009/2010	3.12	9.60	18.90	0.25	31.87	
2010/2011	3.12	10.61	18.90	0.25	32.88	
2011/2012	4.00	11.11	18.90	0.20	34.21	
2012/2013	4.00	10.91	18.90	0.15	33.96	
2013/2014	4.00	10.91	18.90	0.15	33.96	
2014/2015	3.06	7.65	18.90	0.10	29.71	
2015/2016	3.06	7.45	18.90	0.05	29.46	
2016/2017	3.06	6.89	18.90	-	28.85	
2017/2018	3.25	6.89	18.90	-	29.04	

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	2018			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value
Sweetwater Paper Board Co.	17,848,181	1	49.1%			
Austell Boxboard	10,745,531	2	29.6%			
GSA Plaza	1,624,328	3	4.5%			
Star Paper Tube, Inc	1,031,000	4	2.8%			
Sweetwater Lumber & Land Inc	1,870,249	5	5.1%			
2989 Humphries Rd LLC	784,492	6	2.2%			
Efficiency Lodge	780,000	7	2.1%			
ICPG-Austell Tube Plant	605,622	8	1.7%			
Veterans Oil Inc	543,517	9	1.5%			
K & A Development	511,536	10	1.4%			
<hr/>						
Austell Boxboard				17,826,280	1	50.0%
Sweetwater Paper Board Co.				7,003,562	2	19.6%
National Envelope				2,289,461	3	6.4%
Carlos Jones				1,504,304	4	4.2%
Sweetwater Lumber & Land Inc.				1,317,343	5	3.7%
Star Paper Tube, Inc				1,258,040	6	3.5%
R. William & Jerry Ungar				1,240,432	7	3.5%
Efficiency Lodge				1,129,488	8	3.2%
Caraustar				1,061,845	9	3.0%
Anderson Clay				1,033,008	10	2.9%
<b>Total</b>	<b>\$ 36,344,456</b>		<b>100%</b>	<b>\$ 35,663,763</b>		<b>100%</b>

Source: Cobb County Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Collections to Date	
					Amount	Percent of Levy
2009	598,818		0.0%		-	0.0%
2010	605,950		0.0%		-	0.0%
2011	489,816	478,933	97.8%	4,960	483,893	98.8%
2012	436,547	423,921	97.1%	9,003	432,924	99.2%
2013	490,784	442,742	90.2%	21,556	464,298	94.6%
2014	474,939	450,465	94.8%	22,649	473,114	99.6%
2015	372,269	347,807	93.4%	7,332	355,139	95.4%
2016	415,855	388,533	93.4%	15,012	403,545	97.0%
2017	486,460	424,002	87.2%	12,886	436,888	89.8%
2018	553,199	523,737	94.7%	-	523,737	94.7%

Source: Cobb County Tax Commissioners Office

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

Franchise Tax & Ownership Fees	Current Year Percentage of Gross Sales	2018 Revenue	2013 Revenue
Austell Gas System (ownership)	11%	\$ 4,653,700	\$ 3,990,999
Georgia Power	5%	472,412	475,274
Greystone Power	5%	65,716	30,280
Comcast Cable TV	5%	51,003	44,734
Bellsouth/AT&T	3%	32,180	45,914
<b>Total</b>		<u>\$ 5,275,011</u>	<u>\$ 4,587,201</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 Activities		Business-Type Activities				Total Primary Government	Percentage of Personal Income	Debt Per Capita (1)
	Capital Leases	248,238	Water and Sewer		Threadmill Complex				
			Revenue Bonds	Capital Lease	Revenue Bonds	Capital Lease			
2009			-	5,780,000	-	-	6,028,238	0	975
2010		163,929	-	5,500,000	-	-	5,663,929	0	923
2011		40,794	-	5,205,000	-	-	5,245,794	0	740
2012		550,022	-	4,905,000	-	-	5,455,022	0	829
2013		782,588	-	-	-	-	782,588	0	115
2014		516,669	-	-	-	-	516,669	0	76
2015		314,452	-	-	-	-	314,452	0	46
2016		293,187	-	-	-	-	293,187	0	42
2017		228,697	-	-	-	-	228,697	0	32
2018		165,666	-	-	-	-	165,666	0	23

Data Source: <http://worldpopulationreview.com/us-cities/austell-ga-population/>

SCHEDULE IS  
**CITY OF AUSTELL, GEORGIA**  
**DIRECT AND OVERLAPPING DEBT**  
**AS OF JUNE 30, 2018**

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
<b>Direct General Obligation Debt:</b>			
<b>Overlapping General Obligation Debt:</b>			
2017 Parks	21,090,000	1%	-
Total, General Obligation Debt		1%	\$ 210,900
			210,900
<b>Overlapping Guaranteed Revenue Debt:</b>			
Revenue Bonds	454,095,000	1%	4,540,950
Cobb County Parking Deck Certificates	7,965,000	1%	79,650
Cobb County Revenue Anticipation Notes	5,565,000	1%	55,650
Total, overlapping revenue debt	\$ 467,625,000	1%	\$ 4,676,250
<b>City Direct Debt:</b>			
Capital Lease			\$ 165,666
			\$ 165,666

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 assessed value that is within the government's boundaries and dividing it by the Cobb County's total taxable assessed value.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 21,521,211	\$ 19,402,828	\$ 17,555,554	\$ 15,523,142	\$ 15,507,491	\$ 15,554,807	\$ 14,666,217	\$ 14,999,065	\$ 17,764,249	\$ 19,771,094
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 21,521,211	\$ 19,402,828	\$ 17,555,554	\$ 15,523,142	\$ 15,507,491	\$ 15,554,807	\$ 14,666,217	\$ 14,999,065	\$ 17,764,249	\$ 19,771,094
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

FISCAL YEAR ENDED JUNE 30,	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	2,993,248	2,847,700	145,548	195,000	8,775	0.71
2010	3,591,952	3,106,552	485,400	-	-	-
2011	3,268,623	3,059,004	209,619	-	-	-
2012	3,679,283	3,405,721	273,562	-	-	-
2013	3,415,860	3,245,302	170,558	-	-	-
2014	3,478,282	3,256,714	221,568	-	-	-
2015	3,732,283	3,974,645	(242,362)	-	-	-
2016	4,341,158	4,413,255	(72,097)	-	-	-
2017	3,310,074	3,682,465	(372,391)	-	-	-
2018	3,764,746	3,928,471	(163,725)	-	-	-

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



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

FISCAL YEAR ENDED JUNE 30,	Lease Charges	Less: Operating Expenses	Net Available Revenue	Debt Service (1)		Coverage
				Principal	Interest	
2009	1,116,053	766,532	349,521	265,000	295,515	0.62
2010	1,045,701	753,371	292,330	280,000	304,332	0.50
2011	1,078,585	759,691	318,894	295,000	288,147	0.55
2012	1,120,537	784,067	336,470	300,000	270,978	0.59
2013	1,116,721	784,405	332,316	-	-	-
2014	1,197,590	1,185,274	12,316	-	-	-
2015	1,411,919	1,211,925	199,994	-	-	-
2016	1,425,608	1,160,377	265,231	-	-	-
2017	1,239,607	1,246,025	(6,418)	-	-	-
2018	1,281,453	1,089,880	191,573	-	-	-

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

(1) Bonds issued during Fiscal Year 2004 and paid off in Fiscal Year 2013.

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

<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>
2009	6,184	264,825,980	39,721	9.6%
2010	6,136	246,440,168	40,163	9.5%
2011	7,085	276,860,545	39,077	9.1%
2012	6,581	257,165,737	39,077	9.1%
2013	6,782	257,695,654	37,997	7.7%
2014	6,782	217,620,816	32,088	6.9%
2015	6,810	312,899,070	45,947	6.9%
2016	6,985	320,939,795	45,947	6.9%
2017	7,139	327,901,409	45,931	4.7%
2018	7,215	359,667,750	49,850	3.1%

Source: Woods & Poole Economics 2012 Data Pamphlet

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

Employer	2018			2008		
	Number of Employees	% of Total Employment	Rank	Number of Employees	% of Total Employment	Rank
Austell Boxboard	355	36.9%	1	355	26.5%	1
National Envelope				230	17.2%	2
United Waste				144	10.8%	3
Austell Gas System				120	9.0%	4
Carustar Industries	120	12.5%	2	95	7.1%	5
Venture Homes				87	6.5%	6
Old Fashion Foods	95	9.9%	3	87	6.5%	7
Sweetwater Paper Company	87	9.0%	4	87	6.5%	8
AT Systems Southeast				83	6.2%	9
Wade Heating & Air				50	3.7%	10
Caurastar Corp	87	9.0%	5			
Parsec, Inc	65	6.7%	6			
RSR Partners, LLC	50	5.2%	7			
Vitas Healthcare of Georgia	50	5.2%	8			
Wheeler Building Material	32	3.3%	9			
Better Optics	22	2.3%	10			
<b>Total Employees</b>	<b>963</b>			<b>1,338</b>		

Source: City's Occupational Tax database

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Management services	4	4	4	4	4	4	2	4	4	2
Finance	1	1	1	1	1	1	2	2	2	2
Planning	-	-	-	-	-	-	-	1	1	2
Building	-	-	-	-	-	1	-	-	-	-
Public Safety	54	53	55	55	55	55	52	52	52	51
Municipal court	3	3	3	3	3	3	3	3	3	3
Highways and streets	3	3	3	3	4	4	8	8	9	9
Parks and recreation	3	3	3	3	3	5	7	6	6	10
Water	4	4	4	4	4	4	12	12	12	12
Public Works	14	14	15	16	16	17	6	6	6	8
Threadmill	10	10	10	10	10	6	7	7	7	6
Total	<u>96</u>	<u>95</u>	<u>98</u>	<u>99</u>	<u>100</u>	<u>100</u>	<u>99</u>	<u>101</u>	<u>102</u>	<u>105</u>

Source: City's Human Resource Department

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

Function / Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Municipal Court										
Citations issued	5,540	4,560	3,726	4,561	4,997	5,686	4,300	3,440	3,825	3,491
Traffic violations	5,046	4,657	3,301	4,367	4,773	5,675	4,300	3,440	3,608	3,194
Shoplifting violations	10	3	9	-	-	11	-	-	2	4
Refuse collections	1.90	1.90	1.90	2.25	2.25	2.25	3.00	5.00	2.25	2.25
Public Works										
Streets resurfaced (miles)	2	2	2	-	-	3	-	-	3	3
Water										
New connections	-	-	-	-	-	-	-	-	-	-
Average daily consumption	900,219	942,472	881,298	890,000	910,000	918,989	551,951	752,800	918,989	866,667
Stormwater										
Miles of streets swept	8	8	8	50	102	325	325	325	325	325
Storm drains cleaned	450	450	450	450	582	184	184	184	184	184

Sources: Various City Departments

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

Function / Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public works										
Paved roads (miles)	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3	55.3
Streetsights	780.0	780.0	780.0	780.0	780.0	805.0	805.0	806.0	806.0	806.0
Traffic signals	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Parks and recreation										
Number of parks	8.0	10.0	11.0	11.0	11.0	12.0	12.0	12.0	12.0	12.0
Acreage	36.7	38.7	39.0	39.0	39.0	39.0	39.0	40.0	40.0	40.0
Playgrounds	7.0	7.0	7.0	7.0	7.0	7.0	7.0	1.0	3.0	3.0
Community centers	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Water										
Storage capacity	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Water tanks	1	1	1	1	1	1	1	1	1	1
Wastewater										
Sanitary sewers (miles)	36.1	36.1	36.1	36.1	36.1	36.1	36.1	36.1	36.1	36.1
Number of service connections	2,551	2,592	2,464	2,464	2,464	2,464	2,464	3,022	3,062	3,231
Solid Waste Management										
Customers	200.0	200.0	200.0	200.0	200.0	200.0	200.0	2,504.0	2,815.0	2,566.0
Compactor trucks	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Stormwater										
Storm sewers (miles)	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0

Source: City of Austell Public Works Department

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CITY OF AUSTELL, GEORGIA

REQUIRED REPORTS

IN ACCORDANCE WITH

GOVERNMENT AUDITING STANDARDS

FOR THE YEAR ENDED JUNE 30, 2018

**JAMES L. WHITAKER, P.C.**

CERTIFIED PUBLIC ACCOUNTANT

SNELLVILLE, GEORGIA 30078







**CITY OF AUSTELL, GEORGIA**  
**REQUIRED REPORTS IN ACCORDANCE**  
**WITH GOVERNMENT AUDITING STANDARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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## **INDEPENDENT AUDITOR'S REPORT** **ON INTERNAL CONTROL OVER FINANCIAL REPORTING** **AND ON COMPLIANCE AND OTHER MATTERS** **PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Austell, Georgia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Austell's basic financial statements and have issued our report thereon dated December 20, 2018.

### **Internal Control over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as items 2015.001, through 2016.001 and 2017.005 in the accompanying schedule of findings and responses to be material weaknesses.





### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Austell, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and is described as item 2017.001 in the accompanying schedule of findings and responses.

### **City of Austell, Georgia's Response to Findings**

City of Austell's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Austell's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*James L. Whitaker, P. C.*

Snellville, Georgia  
December 20, 2018



**CITY OF AUSTELL, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**QUESTIONED  
COST**

**2015.001 RECONCILIATION PROCEDURES - REPEAT FINDING**

Condition:	The City is currently not timely reconciling the general ledger balances for significant balance sheet items such as receivables for property taxes and stormwater fees.	N/A
Criteria:	Reconciliation procedures are vital to the safeguarding of the City's assets from errors or fraud. The reconciliation procedures should be performed in a timely manner at the end of each month.	
Effect:	Errors or fraud could occur and not be detected in a timely manner by employees in the normal performance of their duties.	
Cause:	Reconciliation procedures over these items have not been implemented into the City's internal control system.	
Recommendation:	Management should require the reconciliation of all significant balance sheet accounts with a supporting detail listing or other supporting documentation. The reconciliation should be performed in a timely manner at the end of each month.	

View of responsible officials and planned corrective action:  
Management agrees with the finding and has implemented reconciliation procedures to reconcile all significant balance sheet accounts in a timely manner at the end of each month.



**B. FINDINGS - FINANCIAL STATEMENT AUDIT - (Continued)**

**Questioned  
Cost**

**2015.005 SANITATION SERVICE GROSS PROFIT - REPEAT FINDING**

Condition:	The City's sanitation fund had a negative gross profit of approximately \$17,000, \$53,000, \$63,000 and \$93,000 for f/ys 2015 - 2018, respectively. This is the result of the City being charged by the sanitation contractor for more customers than the City is actually billing.	N/A
Criteria:	Proprietary funds, which the sanitation fund is, provide services to the City's citizens and charge the citizens for such services in order for the City to pay for the related operating activities. The goal for proprietary funds is for the fees charged to the citizens pay for the operations of the fund.	
Effect:	The General Fund must subsidize the operations of the Sanitation Fund in the amount of approximately \$90,000 a year.	
Cause:	Sanitation rates may not be sufficient to pay for the total cost to run the operations of the sanitation program. In addition, the number of customer charged by the sanitation contractor exceeds the number of customers billed by the City.	
Recommendation:	Management should review the cost associated with the sanitation operations and adjust the rates charged to its customers to insure a sufficient amount of revenues are generated to pay for the cost of the sanitation program. Additionally, a count of customers served by the contractor should be compared with the City's billing information to determine where differences may exist.	

**View of responsible officials and planned corrective action:**

Management agrees with the finding. Management will perform a review of charges by the contractor and compare it with the customers billed by the City to determine where differences exist. A study of the fee structure charged to customers will also be performed to insure a sufficient amount of revenues are charged to pay for the sanitation program.



**B. FINDINGS - FINANCIAL STATEMENT AUDIT - (Continued)**

**Questioned  
Cost**

**2016.001    OVERSIGHT OF DISBURSEMENTS AND CASH BALANCES - REPEAT FINDING**

Condition:            There is a lack of proper supervision and training over newly hired accounting personnel responsible for cash disbursements and bank balances.            N/A

Criteria:             City accounting personnel should only pay for properly approved invoices and should not pay the total balance on a vendor's monthly statement. Additionally, accounting personnel should be aware of the City's bank balance at all times so that disbursements will not be made until sufficient funds are available.

Effect:                As of June 30, 2016 the City had overpaid its water supplier by approximately \$180,000 and the City's operating bank balance was a negative \$117,000 and at June 30, 2018 the operating bank balance was a negative \$112,000 which lead to bank charges for returned checks.

Cause:                 A lack of proper training and supervision over newly hired accounting personnel responsible for cash disbursements and bank balances.

Recommendation:    Newly hired accounting personnel should be properly trained and supervised.

View of responsible officials and planned corrective action:  
Management agrees with the finding. Management will implement stronger controls over its hiring, training and supervision of newly hired accounting personnel which will include a much stronger review of work being performed by newly hired personnel.

**2017.001    BUDGET VARIANCE - REPEAT FINDING**

Condition:            The City 's Community Council Fund incurred expenditures that materially exceeded its respective appropriations.            N/A

Criteria:             State of Georgia - Department of Audits has determined that any excess of a department's expenditures over its appropriations is a violation of State law.

Effect:                The City has violated a State law.

Cause:                 Management did not accurately anticipate the amount of expenditures for the Community Council Fund.

Recommendation:    Management should monitor the City's budget on a monthly basis to determine if a need exists to amend the budget.

View of responsible officials and planned corrective action:  
Management agrees with the finding. Management will prepare annual balanced budgets for all governmental fund, including special revenue funds and will monitor all budgets on a monthly basis to insure amendments are made should any be needed.





**B. FINDINGS - FINANCIAL STATEMENT AUDIT - (Continued)**

**Questioned  
Cost**

**2017.005 NEED FOR IMPROVEMENT TO INTERNAL CONTROLS OVER  
FINANCIAL REPORTING / INTERNAL AUDITOR - REPEAT FINDING**

Condition: Although significant improvement over internal controls was made during f/y 2018, areas still exist that are not properly designed and/or implemented into the City's accounting system. N/A

Criteria: Internal controls over financial reporting should be properly designed and implemented into an entity's accounting system that will provide reasonable, but not absolute, assurance that the entity's financial statement are free of material misstatements.

Effect: Errors and fraud occurred without being identified in a timely manner.

Cause: Internal controls over financial reporting are not properly designed, implemented, and/or being performed.

Recommendation: Management should immediately review all of the City's internal controls over its financial reporting system. Improvements to the City's internal controls should be significant and immediate to ensure all of the City's assets are properly safeguarded from loss by accounting errors or from fraud. Internal audit procedures should be implemented into the City's accounting system to ensure controls are being adhered to.

View of responsible officials and planned corrective action:

Management agrees with the finding. Management will take action to review all of the City's internal controls over its financial reporting and will make the necessary improvements it deems necessary in order to safeguard the City's assets from loss by accounting errors or fraud.



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**INDEPENDENT AUDITOR'S REPORT ON SPECIAL  
1 PERCENT SALES AND USE TAX**

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

We have audited the accompanying Schedules of Special Purpose Local Option Sales Tax as listed in the table of contents for the City of Austell, Georgia for the year ended June 30, 2018. These schedules are the responsibility of the City of Austell's management. Our responsibility is to express an opinion on the Schedules of Special Purpose Local Option Sales Tax based on our audit.

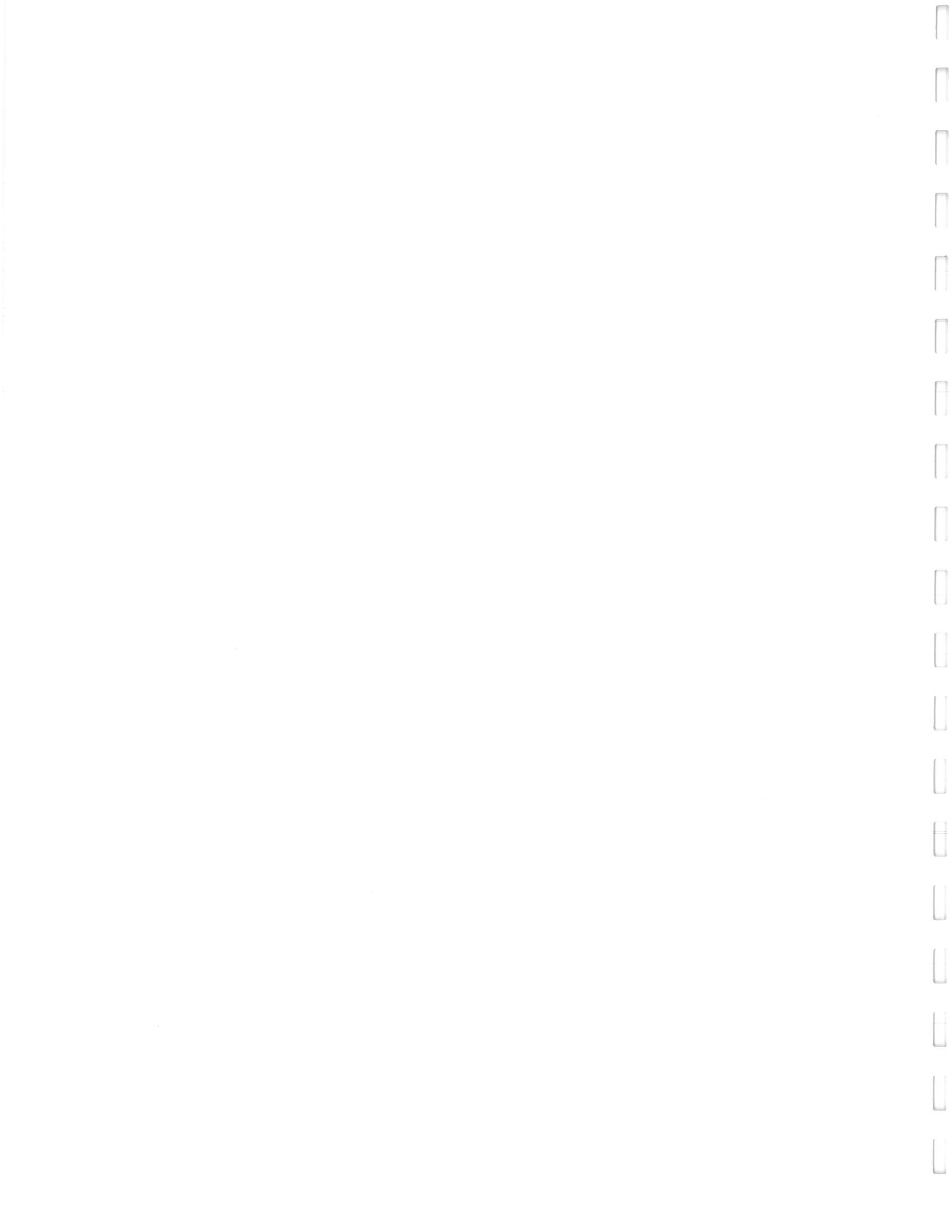
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and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

The accompanying Schedules of Special Purpose Local Option Sales Tax were prepared for the purpose of complying with the Official Code of Georgia Annotated, §48-8-121 on the modified accrual basis of accounting and are not intended to be a complete presentation of City of Austell's revenues and expenditures.

In our opinion, the Schedules of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, and the current and prior year expenditures for each project in City of Austell's resolution or ordinance calling for the tax for the year ended June 30, 2018, in conformity with accounting principles generally accepted in the United States of America.

*James L. Whitaker, P.C.*

Snellville, Georgia  
December 20, 2018



**CITY OF AUSTELL, GEORGIA  
SCHEDULE OF PROJECTS FINANCED  
WITH COBB COUNTY SPECIAL PURPOSE SALES TAX 2005  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>PROJECT</b>	<b>ORIGINAL ESTIMATED COST</b>	<b>EXPENDITURES</b>			<b>ESTIMATED PERCENT COMPLETE</b>
		<b>BEGINNING OF YEAR</b>	<b>CURRENT YEAR</b>	<b>TO DATE</b>	
<b>STREETS:</b>					
Roads, streets, curbs gutters and sidewalks	\$ 2,042,132	\$ 1,731,044	\$ 361,755	\$ 2,092,799	102%
<b>PUBLIC SAFETY:</b>					
Radio system	<u>160,334</u>	<u>156,742</u>	<u>-</u>	<u>156,742</u>	98%
	<u>\$ 2,202,466</u>	<u>\$ 1,887,786</u>	<u>\$ 361,755</u>	<u>\$ 2,249,541</u>	



**CITY OF AUSTELL, GEORGIA  
SCHEDULE OF PROJECTS FINANCED  
WITH COBB COUNTY SPECIAL PURPOSE SALES TAX 2011  
FOR THE YEAR ENDED JUNE 30, 2018**

	ORIGINAL ESTIMATED COST	EXPENDITURES			ESTIMATED PERCENT COMPLETE
		BEGINNING OF YEAR	CURRENT YEAR	TO DATE	
TIER 1 PROJECTS					
TRANSPORTATION -					
Improvements	\$ 2,137,355	\$ 1,497,166	\$ -	\$ 1,497,166	70.05%
Equipment	665,957	888,285	-	888,285	133.38%
PARKS -					
Improvements	968,046	837,674	-	837,674	86.53%
Equipment	200,000	375,078	-	375,078	187.54%
PUBLIC SAFETY -					
Improvements	5,828	-	-	-	0.00%
Equipment	695,000	1,102,421	88,700	1,191,121	171.38%
TOTAL TIER 1 PROJECTS	<u>4,672,186</u>	<u>4,700,624</u>	<u>88,700</u>	<u>4,789,324</u>	
TIER 2 PROJECTS					
TRANSPORTATION -					
Improvements	1,740,000	-	-	-	0.00%
PARKS -					
Other projects	725,000	-	-	-	0.00%
PUBLIC SAFETY -					
Other projects	435,000	-	-	-	0.00%
Fire equipment	60,000	-	-	-	0.00%
TOTAL TIER 2 PROJECTS	<u>2,960,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	
TOTAL PROJECTS	<u>\$ 7,632,186</u>	<u>\$ 4,700,624</u>	<u>\$ 88,700</u>	<u>\$ 4,789,324</u>	





**CITY OF AUSTELL, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED**  
**WITH COBB COUNTY SPECIAL PURPOSE SALES TAX 2016**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES			ESTIMATED PERCENT COMPLETE
		BEGINNING OF YEAR	CURRENT YEAR	TO DATE	
<b>STREETS:</b>					
Resurfacing	\$ 1,113,486	\$ -	\$ 962,673	\$ 962,673	86%
Roadway striping	211,032	-	9,810	9,810	5%
Curb and gutters	42,693	-	94,385	94,385	221%
Sidewalks	844,128	129,856	139,962	269,818	32%
Roadway drainage systems	193,309	-	31,817	31,817	16%
Sign replacement and upgrades	126,619	-	990	990	1%
Maintenance equipment	801,922	182,202	-	182,202	23%
Public works facility improvements	84,413	-	35,885	35,885	43%
Information technology upgrades	168,826	105,125	-	105,125	62%
<b>PARKS PROJECTS:</b>					
Threadmill Complex -					
Roof replacement	450,000	383,074	-	383,074	85%
Other improvements	300,000	29,880	-	29,880	10%
Parks maintenance facility improvements	200,000	47,792	209,223	257,015	129%
Upgrades to all city parks	431,345	4,172	-	4,172	1%
Park equipment	300,000	71,385	46,582	117,967	39%
<b>PUBLIC SAFETY:</b>					
2 positrons	125,000	41,057	6,750	47,807	38%
3 equipped patrol vehicles	222,175	-	36,494	36,494	16%
Fire engine	420,000	-	528,916	528,916	126%
Public safety radios	250,000	335,500	-	335,500	134%
Public safety training facility upgrade	56,912	18,397	7,318	25,715	45%
	<u>\$ 6,341,860</u>	<u>\$ 1,348,440</u>	<u>\$ 2,110,805</u>	<u>\$ 3,459,245</u>	

Note -

Expenditures paid with debt issues are not recognized in this schedule until repayment of the debt is made.



**CITY OF AUSTELL, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED**  
**WITH DOUGLAS COUNTY SPECIAL PURPOSE SALES TAX**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES			ESTIMATED PERCENT COMPLETE
		BEGINNING OF YEAR	CURRENT YEAR	TO DATE	
<b>PARK PROJECTS:</b>					
Park improvements	\$ 522,094	\$ 524,551	\$ 3,852	\$ 528,403	101%
	<u>\$ 522,094</u>	<u>\$ 524,551</u>	<u>\$ 3,852</u>	<u>\$ 528,403</u>	



**CITY OF AUSTELL, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED**  
**WITH DOUGLAS COUNTY 2017 SPECIAL PURPOSE SALES TAX**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES BEGINNING OF YEAR	CURRENT YEAR	TO DATE	ESTIMATED PERCENT COMPLETE
<b>PARK PROJECTS:</b>					
Suggs Park improvements	\$ 48,000	\$ -	\$ 32	\$ 32	0%
	<u>\$ 48,000</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 32</u>	

