

CITY OF POWDER SPRINGS, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

Prepared by:
Finance Department

Submitted by:
Pam Conner
City Manager

CITY OF POWDER SPRINGS, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION



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Fax: 770-943-8003

December 15, 2016

Honorable Al Thurman, Mayor,
Members of the City Council,
and Citizens of Powder Springs, Georgia

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Powder Springs, Georgia, for the fiscal year ended June 30, 2016 is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. This report has been prepared in accordance with generally accepted accounting principles. All disclosures necessary to enable an interested reader to gain the maximum understanding of the government's financial activities have been included.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Powder Springs for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Powder Springs' financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor report is presented as the first component of the financial section of the report.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and compliance. The introductory section includes this transmittal letter, a list of principal officials, and the City's organizational chart. Management's discussion and analysis (MD&A) immediately follows the independent auditor report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it. The financial section includes the MD&A, basic financial statements, individual fund and financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The notes presented in the financial section are an integral part of this comprehensive annual financial report and should be read for a better understanding of the statements and data presented within. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

PROFILE OF THE GOVERNMENT

The City of Powder Springs was incorporated as Springville in 1838 in the lands of two Cherokee Indian chiefs, Chief Noses and Chief Ana Kanasta (Sweetwater). Gold had been discovered in Georgia ten years earlier, and the first area settlers came to find gold. They found little in the mines at Lost Mountain and off Brownsville Road. It was at about this same time that the Cherokee Indians were forced off their land and marched to Oklahoma on the "Trail of Tears." Over 4,000 died on the way. The name Springville was changed to Powder Springs in 1859. This name was derived from the seven springs in the City Limits. The water in these springs contains some 26 minerals. Minerals that turn the surrounding sand black like gunpowder – hence the name Gunpowder Springs.

The City of Powder Springs, incorporated in 1859, is located in west-southwest Cobb County approximately nineteen miles northwest of Atlanta and ten miles southwest of Marietta. The City is a municipal corporation created under the laws of the State of Georgia and has as its formal name "The City of Powder Springs, Georgia." A Mayor and a five-member City Council conduct the affairs of the City. The Mayor and two Council members are elected citywide and the remaining three Council members are elected by separate wards. This elected body is responsible for the active coordination of community resources, to anticipate problems, and meet community needs. Policy-making and legislative authority are vested in the City Council, consisting of the Mayor and five Council members, all elected on a non-partisan basis. The Council appoints the government's manager, who in turn appoints the heads of the various departments.

The City Manager, who is appointed by the Mayor and council, oversees the day-to-day operations of the City and ensures the smooth and efficient delivery of city services. All activities and functions of the City are administered by the City Manager and are under the jurisdiction of the Mayor and City Council, as set forth in State and local law.

The City provides a full range of services to approximately 14,000 residents. These services include: public safety (police); community development; highways and streets; water, sewer, and sanitation; public improvements; code enforcement, planning and zoning; and general administrative services. The City is one of six incorporated municipalities within Cobb County.

The City is not included in Cobb County's reporting entity. The Powder Springs Downtown Development Authority has met the established criteria for inclusion in the reporting entity, and is reported as a blended component unit.

The Council is required to adopt a final budget no later than the close of the fiscal year. This annual budget serves as the foundation of the City's financial planning and control. The budget is prepared by fund, function, and department. Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council. The Capital Projects funds are budgeted on a project basis and are approved separately from the annual budget.

LONG TERM FINANCIAL PLANNING

As detailed within the following financial statements, the City's policy is to maintain a healthy General Fund balance, currently 50% of annual expenditures and transfers, or enough to maintain the City's operations for about 6 months. This reserve balance is necessary for periods of weak revenues (such as the last several years when the tax digest continued to decline) and emergency situations, such as the flood in 2009. As part of the financial strategic plan, the government is committed to a consistent millage rate for property taxes to facilitate the provision of city services. The City's operating millage rate of 8.5 mills has not been increased since 2005. The City also offers residents a "floating" exemption of property taxes, which maintains the taxable value of the property as long as the resident continues to own the property. Upon sale of the property the taxable value is set at the assessed value.

LOCAL ECONOMY

The local economy of Powder Springs is starting to see increasingly meaningful improvements and positive signs in its economic climate after the economic recession that began in 2008. Based on the US Bureau of Labor Statistics for the Atlanta Metro Statistical Area (MSA), the unemployment rate in Powder Springs dropped to 4.7% in 2016, down 23% the previous year (reported at 6.1%). The City issued 396 Building Permits in Fiscal Year 2016, an increase of 7% from the prior year. Developments in the surrounding area impact the local economy favorably.

As the national and state economies continue to improve, we believe that the City is positioned to once again continue the growth experienced in the last decade. Additionally, we hope to see an increase in economic and commercial development as a result of the past and ongoing transportation and enhancement projects designed to improve access to commercial properties along major travel corridors throughout the City and continued implementation of various economic development incentives and tools designed to aid in recruitment efforts. Continued economic recovery, enhancement projects and incentive programs will better position Powder Springs in the competitive environment of economic development.

Powder Springs continues efforts to encourage and recruit a diversified stock of residential and commercial development. The tax digest remains diversified; however, there was only a slight increase from the total assessed taxable value in 2015. The 2015 Gross Digest had an increase of 6% from the 2014 Gross Digest. The 2015 net tax digest of the City increased 7.5% to a total assessed taxable value of \$345,907,103. The 2015 tax digest was approved by the Cobb County Board of Equalization at the end of June 2015. The increases in the taxable value along with the increase of planned developments are evidence that the economy is recovering from the recession.

MAJOR INITIATIVES FOR THIS YEAR

ROAD AND STREET IMPROVEMENTS

To assist in the development of a Capital Improvement Plan for Road Resurfacing, the City completed a Road Rating Study in FY 2016. The results from this study identified the sub grading of the roads and helped to determine which roads are in need of repair or replacement and by what year. The results of this study are under review by management to determine the best funding strategy to meet the future liabilities associated with the needed road improvements.

In order to complete prioritized transportation projects in Fiscal Year 2016, the City combined local and state resources to maximize funding availability. In FY 2016, the City completed the assessment, design, engineering and construction for New Macland Road, Pinegrove Road, and, Silverbrook Phase IV. The City also continued to work on the 2011 SPLOST General Street Improvements which consists of a round-a-bout at Lewis Road and Atlanta Street. And finally, the City completed the assessment, engineering and began construction on the 2016 approved Local Maintenance Improvement Grant Projects to include Oglesby Road, Thornbridge Drive, Childress Drive and Carrington Park Drive.

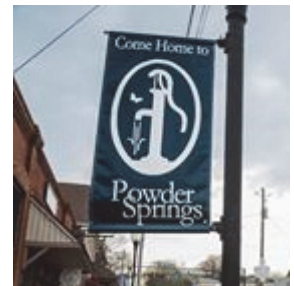
WATER AND SEWER IMPROVEMENTS

The City completed mapping of the water and sewer infrastructure using GPS and plan digitization that will form the basis of an appropriate asset management plan to begin the repair or replacement of the system. The project included manhole inspections, valve locations and export of data to GIS. Problem areas identified in the field were communicated immediately to public works personnel to correct or eliminate. A prioritization repair or replacement schedule that would be developed in the asset management plan would require in-depth infrastructure testing. During the upcoming fiscal year, staff will examine alternatives and financing strategies required for an effective asset management/repair and replacement plan.

GENERAL GOVERNMENT

City Facility Upgrades

The City completed new design and printing of both the Signature Banners as well as the Event Banners (for the 4th of July as well as the Holiday Season), which are prominently displayed upon the light poles throughout the downtown. Other facility upgrades and improvements include replacing the HVAC Systems in the Police Department and Community Development Facilities and additional alarm system upgrades at City Hall and Municipal Court.

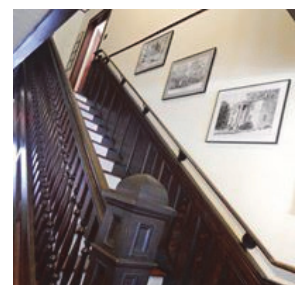


PARKS, RECREATION AND CULTURAL AFFAIRS

Seven Springs Museum at the Bodiford House

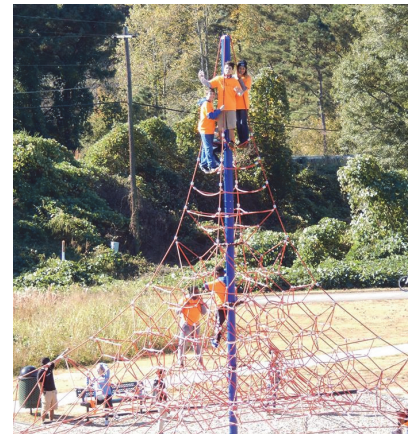
In Fiscal Year 2014, the City acquired the historic property located at 4355 Marietta Street. This property was home to former Cobb county Judge James Bodiford. During Fiscal Year 2016, the City completed the ongoing renovations to the Seven Springs Museum located at the Bodiford House. The Seven Springs Museum is an outstanding historic home. It has so much for the City to be proud of: hand painted wood graining, six fireplaces, antique chandeliers, a wrap-around porch, beautiful woodwork, an impressive staircase, a vintage kitchen, and a wonderful story of a modest home

enlarged into a grand house. There is also a new Welcome Center kiosk in the lobby that provides tourism information about Powder Springs and the surrounding area attractions. The Seven Springs Museum at the Bodiford House opened in October 2015.



Phase I of the Silver Comet Linear Park

The first phase of a four phase project to create a 10-acre park along the Silver Comet Trail between Powder Springs Road and New Macland Road was partially completed in October 2014. The City continued in its efforts towards completion of Phase 1 of the Silver Comet Linear Park. In FY2016, the City completed the addition of an adult exercise station, additional playground equipment for older youth as well as new landscaping in various areas of the park.



Although targeted to certain age groups, both new features have proven popular with a wide range of users. The covered exercise station includes equipment routinely used by active adults as well as younger users in circuit training exercises. Targeted to younger teens, the Berliner climbing net is used by all age groups as well. This play equipment helps build body strength and promotes social interaction. Like the exercise station, the climbing net provides unique alternatives in park and playground settings and are part of the City's goal to promote a community of healthy living

Powder Springs and Wild Horse Creek Park Improvements

Continued collaboration and coordination enabled the City and Cobb County to provide residents and visitors access to additional recreational opportunities in area parks in FY2016. With joint funding from the 2011 Special Purpose Local Options Sales Tax program, the Powder Springs Park received additional and expanded ball fields and a new concession and playground equipment to satisfy the recreational needs of a growing population. Similarly, Wild Horse Creek Park improvements were completed to feature the new Springs Water Park, an expanded and improved BMX track, new ball fields and open field improvements.

Tourism

Following a couple of successful 5K events, the City established a Tourism Program in FY2016 featuring the City's trail system with sponsored 5K trail events. Both Lucille and Wild Horse Trails were certified as Peach Tree Race qualifiers and the first timed race held in May 2015 with the Run For Food 5K benefitting MUST Ministries. The City also agreed to assist Cobb Travel and Tourism in its new comprehensive trail tourism program. Upcoming tourism initiatives include adding and expanding 5K trail events, establishing a new quarterly performing arts program in the City's theater and creating art partnerships featuring local art on city trails and a gallery in city facilities.

Unified Development Code Update

The Unified Development Code update was completed in FY2016 to generate state-consistent code provisions and to eliminate or amend provisions that could result in obstacles to business development. Local businesses were regularly invited to participate in the update process and encouraged to provide feedback about provisions that were regarded as obstacles.

Other outreach with local businesses included focused surveys with key industry groups having the greatest potential to expand. By surveying and understanding their needs, the City can identify other businesses that could either expand current operations or relocate to the City in order to meet those needs. A retail leakage analysis was completed in order to identify retail opportunity and a business ambassador program established to engage local business representatives who would volunteer to visit businesses on a regular basis and communicate needs and concerns of businesses to the City.

PUBLIC SAFETY AND JUDICIAL

The City of Powder Springs Police Department identified officer retention and recruitment as two of its major goals in FY2016. With the adoption of the City's FY2016 Budget, the City of Powder Springs' Police Department continued to fund the "Take-Home Car Program" for its officers. The City is continuing its efforts to make fleet updates, and as cars become available, officers are registering for this program. In Fiscal Year 2016, the City also purchased a new server to assist with the storage capacity needs of the body cameras worn by all certified police officers. Also in Fiscal Year 2016, the City replaced its Oxygen Forensic Kit to assist with data extraction.

The Police Department expanded its Citizens and Police program to more neighborhoods offering a direct presence and connection between the participating neighborhoods and assigned officers. The Police Department's goal is to partner with all neighborhoods in this community policing effort. In FY2016, the Police Department also continued its community outreach events to build and strengthen trust and relationships by partnering with local pastors to schedule more Bridge the Gap dialogues, hosting National Night Out and 5K fundraising to benefit MUST Ministries and participating in mentoring programs in local schools.

INITIATIVES FOR FUTURE YEARS

One Stop Shop for Development

The City engaged a team of consultants to evaluate and update the city's development process. Currently, the city is in the process of developing a Memorandum of Agreement with the Cobb County Soil and Water Conservation District and the Georgia Soil and Water Conservation Commission District to complete erosion and sediment plan reviews in house, rather to send out for review. Additionally, the City is working with Cobb County departments to create a one stop shop to facilitate the review process.

Comprehensive Plan Update

The City is working with a consultant team to complete the 10 year update to the Comprehensive Plan. This is an opportunity for the community to review policies and goals that affect future growth of the City. As part of this process, the City is also looking to update the City's brand.

Downtown Redevelopment

The City's previous downtown redevelopment plan was updated through the Livable Centers Initiative program in the fall of 2015 and adopted spring 2016. The plan ratifies earlier recommendations to redevelop the downtown with increased residential, commercial and retail development. A small area on Lewis Road continued to be viable for non-residential development with the remaining acreage recommended for park or open space development and residential development as zoned. The plan recommendations include public investment of land acquisition and development of a park and amphitheater on a new town green as a catalyst to spur private development or encourage a public-private partnership to inject economic viability in the heart of the city in a manner that acknowledges the City's prized small town atmosphere. The upcoming fiscal year will include an analysis of the redevelopment approach and creation of funding scenarios to accomplish this long-standing goal.

Business Development

The City plans to establish a new business liaison team of economic development and community development staff that provides weekly consultation opportunities to the business community, regular engagement with the business community through one-on-one visits or focused group meetings, increased business marketing, developing a buy local campaign, and establishing a one-stop-shop program to streamline the development and business licensing process.

FINANCIAL POLICIES

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safety of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

Budgetary Controls

The City maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the City Council. Activities of the general fund and enterprise funds are included in the annual appropriated budget. Capital projects are budgeted on a project length basis and are approved by the Council at the time the project is accepted. The official level of city budget control (the level on which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is the department level within each fund. Administrative transfers of appropriations within a department may be authorized by the Department Head or Finance to meet unforeseen needs. Transfers of appropriations between departments or functions within a fund are reviewed with the City Council prior to approval. The City's budget procedures are more fully explained in the accompanying notes to the financial statements. The City maintains an encumbrance accounting system as one means of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to the ensuing year's budget on a case by case basis.

OTHER INFORMATION

Awards and Achievements.

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Powder Springs for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for only one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments.

The preparation of the report could not have been accomplished without the efficient and dedicated efforts of the staff of the Finance Department, the Finance Director, the auditors for the City, and the cooperation of the City staff. My sincere appreciation is extended to each individual for the contributions made in the preparation of this report.

Respectfully submitted,



Pam Conner
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Powder Springs
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

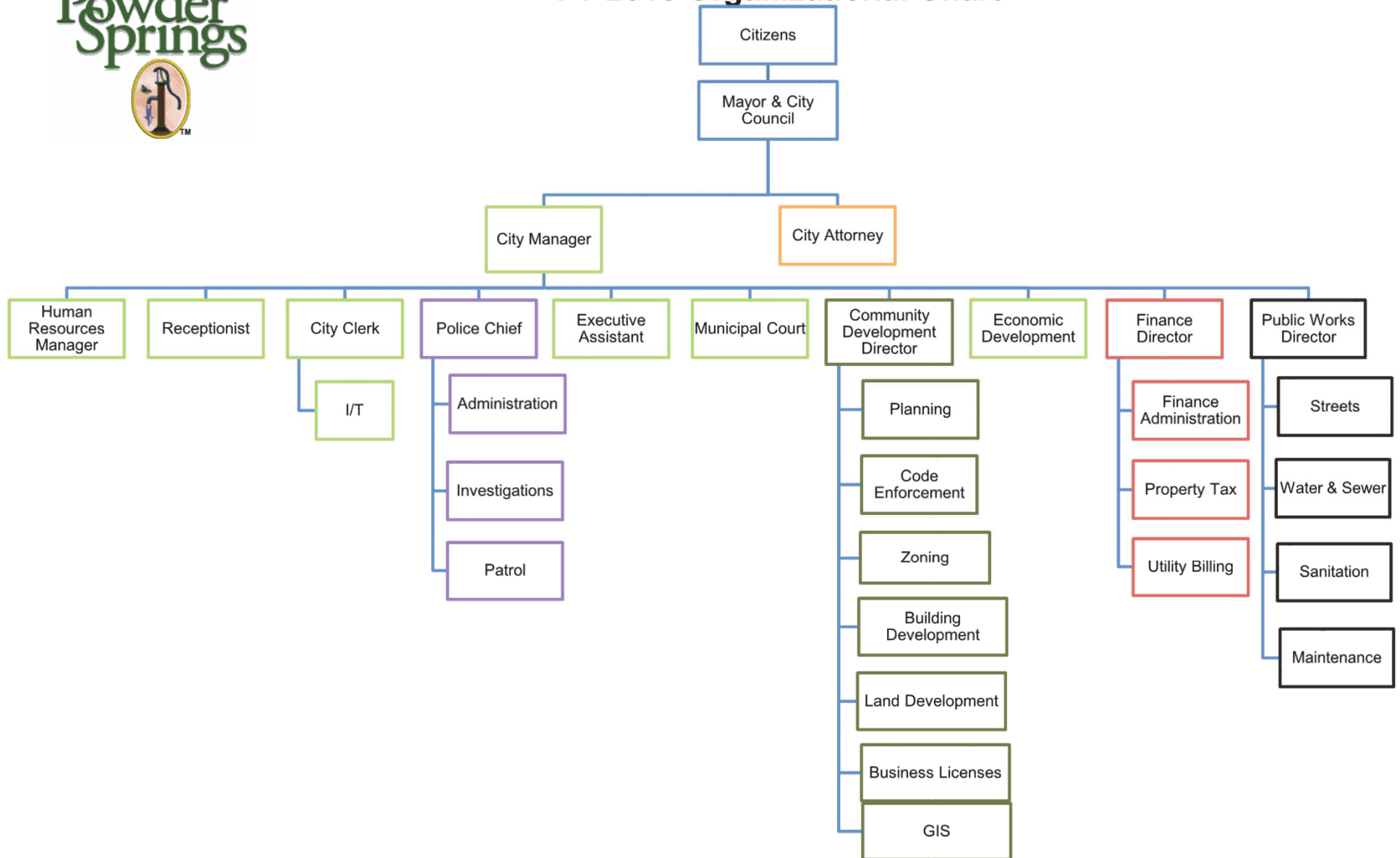
June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emen".

Executive Director/CEO



FY 2016 Organizational Chart



CITY OF POWDER SPRINGS, GEORGIA
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2016

CITY COUNCIL

Al Thurman	Mayor
Patricia Wisdom	Council Member
Patrick Bordelon	Council Member
Cheryl Sarvis	Council Member
Nancy Hudson	Council Member
Doris Dawkins	Council Member

CITY ADMINISTRATION

Pamela Conner	City Manager
Diana Belanger	Finance Director
Michael Anderson	Public Works Director
John Robinson	Chief of Police
Tina Garver	Community Development Director
Stephanie Aylworth	Economic Development Director
Rosalyn Nealy	Human Resources Director
Kelly Axt	Clerk of Council
Tracie Jackson	Municipal Court Clerk
Gregory Doyle Calhoun & Rogers	City Attorney

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of City Council
City of Powder Springs, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Powder Springs, Georgia (the "City")**, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Powder Springs, Georgia as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress – other postemployment benefits, the schedule of changes in the City's net pension liability and related ratios, the schedule of City's contributions, and the General Fund budgetary comparison information on pages 4-17 and 58-62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local options sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 15, 2016

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2016

The Management's Discussion and Analysis of the City of Powder Springs Government's Comprehensive Annual Financial Report (CAFR) provides an overall narrative and analysis of the City's financial statements for the fiscal year ended June 30, 2016. This discussion and analysis is designed to look at the City's financial performance as a whole. Readers should also review the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for FY16 are as follows:

- ◆ The City's combined net position totaled \$51,885,352, an increase of \$3,472,644 over 2015. Of this amount, unrestricted net position of \$13,232,147 may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ Combined revenue totaled \$18,229,475, of which governmental activities totaled \$10,571,960 and business-type activities totaled \$7,657,515.
- ◆ Overall expenses totaled \$14,756,831 of which governmental activities totaled \$8,095,386 and business-type activities totaled \$6,661,445.
- ◆ At the end of June 30, 2016, governmental activities expenses exceeded program revenues by \$2,873,904. Operating expenses in excess of charges for services and grants & contributions are funded using general revenues (mostly taxes). Governmental activities net position increased by \$2,476,574.
- ◆ Total business-type activities revenues exceeded business-type activities program expenses by \$994,368, resulting in an increase of \$996,070 to business-type net position.
- ◆ The investment in capital assets, net of related debt, for government activities increased by \$2,103,501 and investment in capital assets, net of related debt, for business-type activities increased by \$362,516.
- ◆ At June 30, 2016, the City's General Fund reported an unassigned fund balance of \$3,634,638, a decrease of \$217,158, over the prior fiscal year's unassigned fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2016

Government-wide Financial Statements

The Government-wide financial statements provide a broad view of the City's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the economic condition at the end of the fiscal year. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means the statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. There are two Government-wide financial statements, the Statement of Net Position and the Statement of Activities which are described below.

The government-wide *Statement of Net Position* presents information on all of the City's assets, deferred outflows/inflows of resources, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Evaluation of the overall health of the City extends to other nonfinancial factors such as diversification of the taxpayer base or the condition of infrastructure.

The government-wide *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expense and program revenues for each function of the City. An important purpose of the design of this statement is to show the financial reliance of the city's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and business-type activity revenues that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities include general government, health and welfare, public works, culture and recreation, public safety, and housing and development. The business-type activities include water and sewer and sanitation operations.

The government-wide financial statements include not only the City of Powder Springs Government itself but also a legally separate Powder Springs Downtown Development Authority for which the government is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are presented on pages 18 and 19 of this report.

Fund Financial Statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. All of the funds of the City can be

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2016

divided into two categories: governmental funds and proprietary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds

Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the City's finances that assists in determining whether there will be adequate financial resources available to meet the City's current needs.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Major funds are reported separately. The City's major funds include the General Fund, the SPLOST Fund, and the Capital Projects Fund. The basic governmental fund statements are presented on pages 20 to 22 of this report.

Proprietary Funds

Proprietary funds are used to account for activities that operate similar to those commercial enterprises found in the private sector. Because these funds charge fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds use the accrual basis of accounting, thus there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund and the Sanitation Fund, which are both considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's retirement system funding progress and

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2016

budget presentations. General Fund budgetary comparison schedules are presented and demonstrate compliance with the City's adopted and final revised budget. Required supplementary information can be found on pages 58 to 61 of this report.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled \$51,885,352 at June 30, 2016. The following table provides a summary of the City's governmental and business-type net position for fiscal years 2016 and 2015:

City of Powder Springs
Statement of Net Position

	Governmental Activities		Business-type Activities		Total		Percent of Total
	2016	2015	2016	2015	2016	2015	
Assets:							
Current assets	\$ 10,817,538	\$ 10,060,012	\$ 9,016,060	\$ 8,549,741	\$ 19,833,598	\$ 18,609,753	31%
Capital assets, net	37,171,536	35,376,726	6,131,255	5,762,183	43,302,791	41,138,909	69%
Total assets	<u>47,989,074</u>	<u>45,436,738</u>	<u>15,147,315</u>	<u>14,311,924</u>	<u>63,136,389</u>	<u>59,748,662</u>	
Deferred outflows of resources	<u>343,324</u>	<u>301,092</u>	<u>87,987</u>	<u>53,984</u>	<u>431,311</u>	<u>355,076</u>	100%
Liabilities							
Current liabilities	1,532,642	1,185,643	1,283,914	1,349,282	2,816,556	2,534,925	22%
Long-term liabilities, net	7,832,997	8,010,627	1,016,798	1,055,080	8,849,795	9,065,707	78%
Total liabilities	<u>9,365,639</u>	<u>9,196,270</u>	<u>2,300,712</u>	<u>2,404,362</u>	<u>11,666,351</u>	<u>11,600,632</u>	
Deferred inflows of resources	<u>10,262</u>	<u>61,637</u>	<u>5,735</u>	<u>28,761</u>	<u>15,997</u>	<u>90,398</u>	100%
Net Position							
Net investment in capital assets	30,834,381	28,730,880	5,556,928	5,264,412	36,391,309	33,995,292	70%
Restricted	2,191,896	2,501,319	-	-	2,191,896	2,501,319	5%
Unrestricted	5,930,220	5,247,724	7,371,927	6,668,373	13,302,147	11,916,097	25%
Total net position	<u>\$ 38,956,497</u>	<u>\$ 36,479,923</u>	<u>\$ 12,928,855</u>	<u>\$ 11,932,785</u>	<u>\$ 51,885,352</u>	<u>\$ 48,412,708</u>	

Note that in the above table, the inter-fund receivables and payables between governmental activities and business-type activities are not eliminated.

The City's investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding comprise 70% of the City's total net position. Investments in capital assets net of related debt increased by \$2,466,017 in fiscal year 2016. The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
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Governmental activities net position increased by \$2,476,574 in fiscal year 2016. The net position of business-type activities increased \$996,070. The City's overall financial position increased during fiscal year 2016 by \$3,472,644.

The following table indicates the changes in net position for governmental and business-type activities in fiscal year 2016 and fiscal year 2015:

City of Powder Springs
Changes in Net Position

	Governmental Activities		Business-type Activities		Total		Percent of Total
	2016	2015	2016	2015	2016	2015	
Revenues:							
Program revenues:							
Charges for services	\$ 1,628,468	\$ 1,433,740	\$ 7,655,813	\$ 7,371,003	\$ 9,284,281	\$ 8,804,743	50.9%
Operating grants & cont.	313,340	454,788	-	-	313,340	454,788	1.7%
Capital grants & cont.	3,279,674	3,128,731	-	-	3,279,674	3,128,731	18.0%
General revenues:							
Property taxes	3,311,349	3,200,350	-	-	3,311,349	3,200,350	18.2%
Sales taxes	50,149	47,448	-	-	50,149	47,448	0.3%
Excise taxes	241,608	249,618	-	-	241,608	249,618	1.3%
Franchise taxes	721,082	729,939	-	-	721,082	729,939	4.0%
Other taxes	927,680	783,137	-	-	927,680	783,137	5.1%
Unrestricted interest	9,548	5,588	1,702	956	11,250	6,544	0.1%
Miscellaneous	89,062	202,621	-	-	89,062	202,621	0.4%
Total revenues	10,571,960	10,235,960	7,657,515	7,371,959	18,229,475	17,607,919	100%
Expenses:							
General government	1,241,193	881,610	-	-	1,241,193	881,610	8.4%
Judicial	241,622	154,306	-	-	241,622	154,306	1.6%
Public works	1,950,695	1,499,231	-	-	1,950,695	1,499,231	13.2%
Culture and recreation	411,631	290,317	-	-	411,631	290,317	2.8%
Public safety	3,324,112	2,858,898	-	-	3,324,112	2,858,898	22.5%
Community development	757,122	735,300	-	-	757,122	735,300	5.1%
Interest on long-term debt	169,011	352,974	-	-	169,011	352,974	1.1%
Water & Sewer	-	-	5,154,505	5,089,822	5,154,505	5,089,822	34.9%
Solid waste	-	-	1,037,995	904,705	1,037,995	904,705	7.0%
Stormwater	-	-	468,945	415,465	468,945	415,465	3.4%
Total expenses	8,095,386	6,772,636	6,661,445	6,409,992	14,756,831	13,182,628	100%
Increase in net position before transfers	2,476,574	3,463,324	996,070	961,967	3,472,644	4,425,291	
Transfers	-	-	-	-	-	-	
Change in net position	2,476,574	3,463,324	996,070	961,967	3,472,644	4,425,291	
Net position, beginning	36,479,923	33,016,599	11,932,785	10,970,818	48,412,708	43,987,417	
Net position, ending	\$ 38,956,497	\$ 36,479,923	\$ 12,928,855	\$ 11,932,785	\$ 51,885,352	\$ 48,412,708	

Changes in Overall Net Position from Operating Results

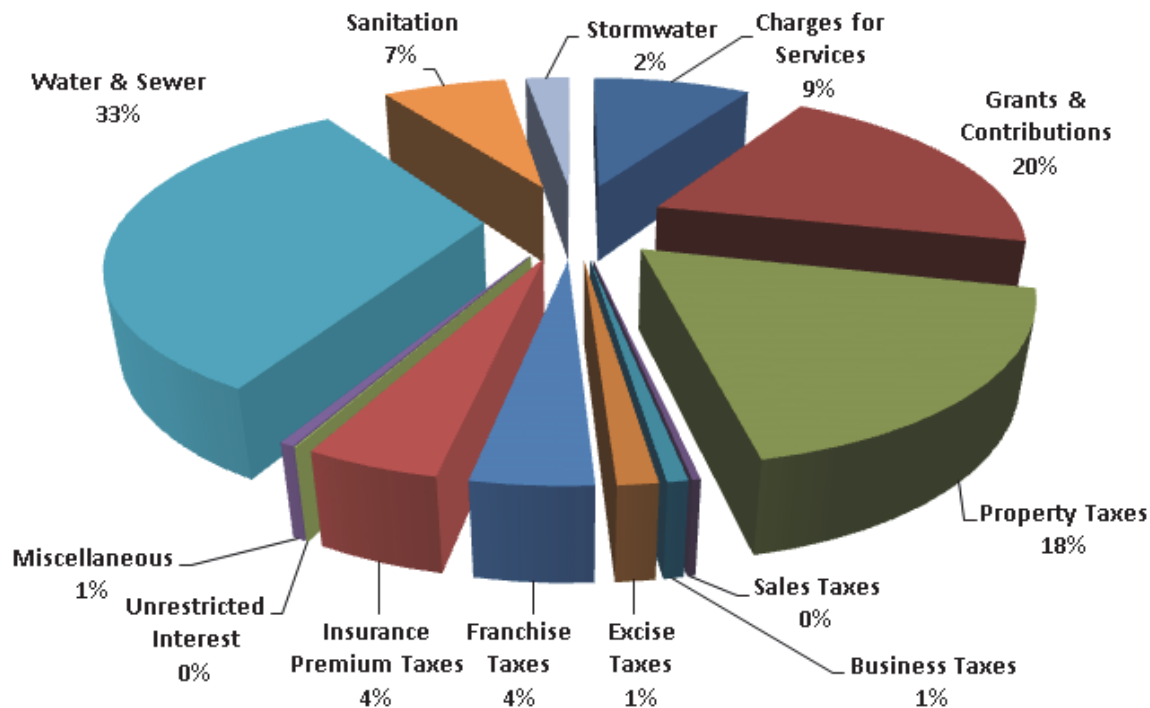
Revenues

Total governmental activities revenues increased by \$336,000. This increase is primarily attributed to increases in programming revenues, such as Charges for Services. This increase accounts for \$194,728 (over prior year revenue). The Charges for Services revenue sources include fees for services such as building permits, facility rentals and municipal court fines. Other notable changes in governmental activities revenues include an increase in property taxes revenue of \$110,999 due to only a slight increase in property values (6% more than prior year assessed values) combined with a slightly lower collection rate. The City is heavily reliant on tax revenues to support governmental activities operations. Taxes provided \$5,251,868 or 49.7% of the City's governmental activities

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2016

activities operations. Taxes provided \$5,251,868 or 49.7% of the City's governmental activities revenue. Charges for services provided \$1,628,468 or 15% of operating revenues. Accordingly, the City's taxpayers and purchases of City services fund 65% of governmental operating activity. As a result, the condition of the local economy and the economy's impact on local businesses has a major effect on the City's revenue streams.

Business-type activities, also called enterprise or proprietary funds, are established to be supported by fee revenues. Water and sewer revenues increased slightly over prior year revenues (\$159,481 or 2.7%). This increase is due to a 4% rate increase that became effective and was implemented mid-year in fiscal year 2016 to cover increased charges for water purchases from Cobb County. Sanitation revenue increased by \$25,655 (2% more than prior year revenue), primarily due to a slight increase in customer base. In fiscal year 2013, the City established the Storm Water fund, through the establishment of a Storm Water utility fee rate billed annually with property taxes. The Storm Water fund billed a total \$452,213 for the utility fees in 2016, a increase of \$99,674 or 28% from fiscal year 2016. This increase is attributed to the new Detention Pond Maintenance Program, approved in Fiscal Year 2015 and initially implemented in 2016.



Expenses

The following table presents the cost and net cost (i.e. total cost less revenues generated by the activities) of each of the City's functions. Net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2016

	Operating Expenses	Percentage of Total	Net Cost of Service	Percentage of Total
General	\$ 1,241,193	8.4%	\$ (915,430)	-48.7%
Public Safety	3,324,112	22.5%	3,160,000	168.1%
Housing and development	757,122	5.1%	757,122	40.3%
Public works	1,950,695	13.2%	(328,907)	-17.5%
Judicial	241,622	1.6%	(169,665)	-9.0%
Culture and recreation	411,631	2.8%	201,773	10.7%
Water and sewer	5,154,505	34.9%	(771,726)	-41.1%
Sanitation	1,037,995	7.0%	(239,374)	-12.7%
Storm water	468,945	3.4%	16,732	0.9%
Interest and fiscal charges	169,011	1.1%	169,011	9.0%
Total	<u>\$ 14,756,831</u>	<u>100.0%</u>	<u>\$ 1,879,536</u>	<u>100.0%</u>

The City's total expenses increased by \$1,574,203 or by 11.9%.

Governmental activities' expenses increased by \$1,322,750 in fiscal year 2016 from expenses incurred in fiscal year 2015. Significant variances from prior year expenses included:

- Public Works expenses increased \$451,464 due to increased SPLOST and LMIG spending from fiscal year 2015; Major projects completed in fiscal year 2016 include:
 - Resurfacing completed for New Macland Road, Pinegrove Road and Silverbrooke (Phase IV);
 - 2016 LMIG projects completed which include patching, milling and resurfacing along Ogelsby Road, Thornbridge Drive, Childress Drive and Carrington Park Drive.
- Expenses for Public Safety increased \$465,214 in fiscal year 2016. This increase is primarily displayed in personnel expense categories. The personnel expenses increased \$209,511 from 2015. This personnel increase is attributed to both full staffing and the implementation of a pay and class study in fiscal year 2016.

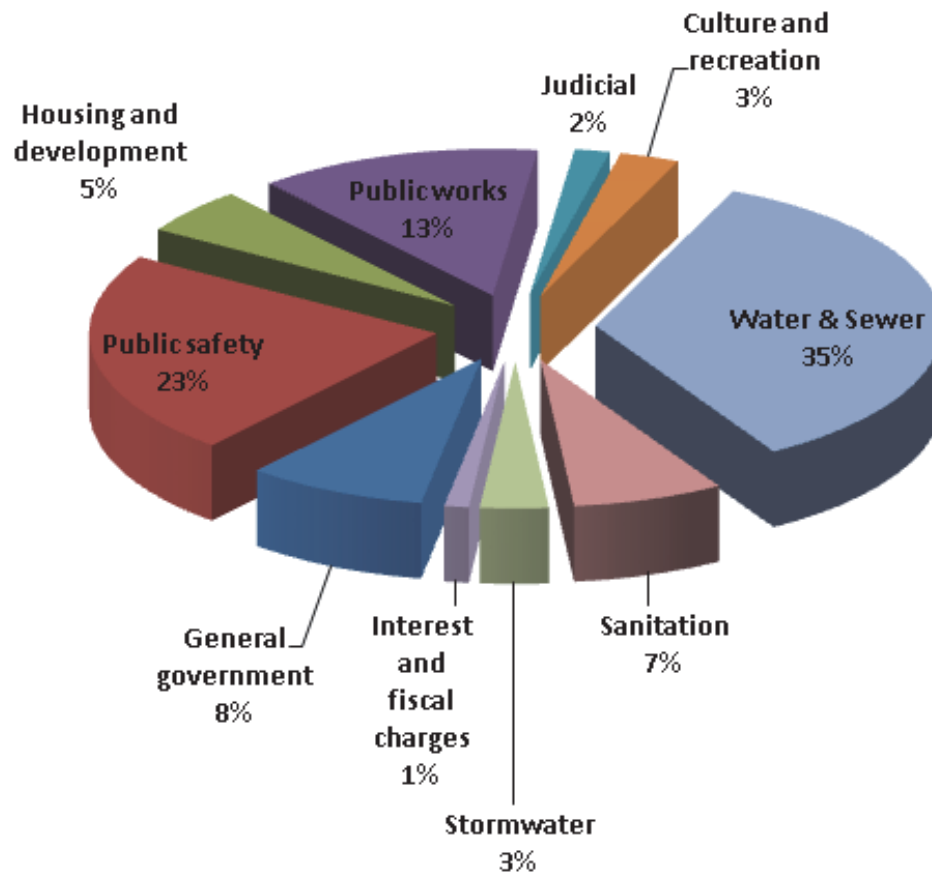
Business-type operating expenses increased \$251,453 during the current fiscal year. Significant cost variances included:

- The net increase in water purchases from Cobb County Marietta Water Authority and sewer processing expenses totaled \$33,515, primarily due to increase water rate charges paid to CCMWA as well as increases in consumption. The City is currently undergoing an analysis of the GIS mapping of the water and sewer lines to determine funding for future capital needs assessment. As issues are discovered in the field, current repairs and maintenance have increased by \$23,045. The City's Vacuum truck required a substantial repair in the 2016 fiscal year, thus increase vehicle repairs by \$48,608.
- In the Sanitation Fund, expenses increased \$133,290 from fiscal year 2015. Approximately \$56,173 of this increase is in personnel expenses, which is primarily attributed to the salary allocation for the Public Works Director and Deputy Director to this fund. Additionally, the City expended \$35,271 more in Fiscal Year 2016, as this was the first full year of implementing a Recycling Program. Lastly, as the City acquired a new Sanitation Truck in 2015, depreciation expense increased by \$15,258.
- The Storm Water Fund also contributed to an increase in overall business-type operating expenses. Expenses increase by \$53,480 from the prior fiscal year. The increase in expenses is due to the implementation of the new Detention Pond Maintenance Program.

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2016

- The Storm Water Fund also contributed to an increase in overall business-type operating expenses. Expenses increase by \$53,480 from the prior fiscal year. The increase in expenses is due to the implementation of the new Detention Pond Maintenance Program.

While enterprise fund net costs increased from the prior fiscal year, the overall result was an increase in net position of \$996,070 in the current fiscal year.



Fund Analysis

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

As of the end of Fiscal Year 2016, the City's governmental funds reported combined ending fund balances of \$9,160,399, an increase of \$292,335 or 3.3% from the prior year. The change in fund balance is comprised of the following:

- *General Fund* fund balance decreased by \$276,058 to an ending balance of \$4,715,637, due to one-time spending on capital project transfers.

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2016

- *Capital Projects Fund* fund balance increased by \$301,392 to an ending balance of \$1,214,204. This increase is attributed to the additional transfers of funds set aside for future capital projects.
- *SPLOST Fund* fund balance increased \$179,599 to an ending fund balance of \$3,117,863. The increase results from the recognition of SPLOST proceeds in excess of the amount spent on SPLOST projects during the fiscal year. The 2005 SPLOST projects are completed and many of the 2011 SPLOST projects have completed the assessment, design and engineering phases, and will complete construction in fiscal year 2017. The City began collecting for the 2016 SPLOST in March and is currently in the assessment and design phase of Street, Public Facility and Park Improvements.

The ending unassigned governmental fund balance is \$3,634,638, indicating availability for continuing City service delivery requirements. The remainder of the governmental fund balance is restricted, assigned or non-spendable indicating that it is not available for new spending and is obligated as follows:

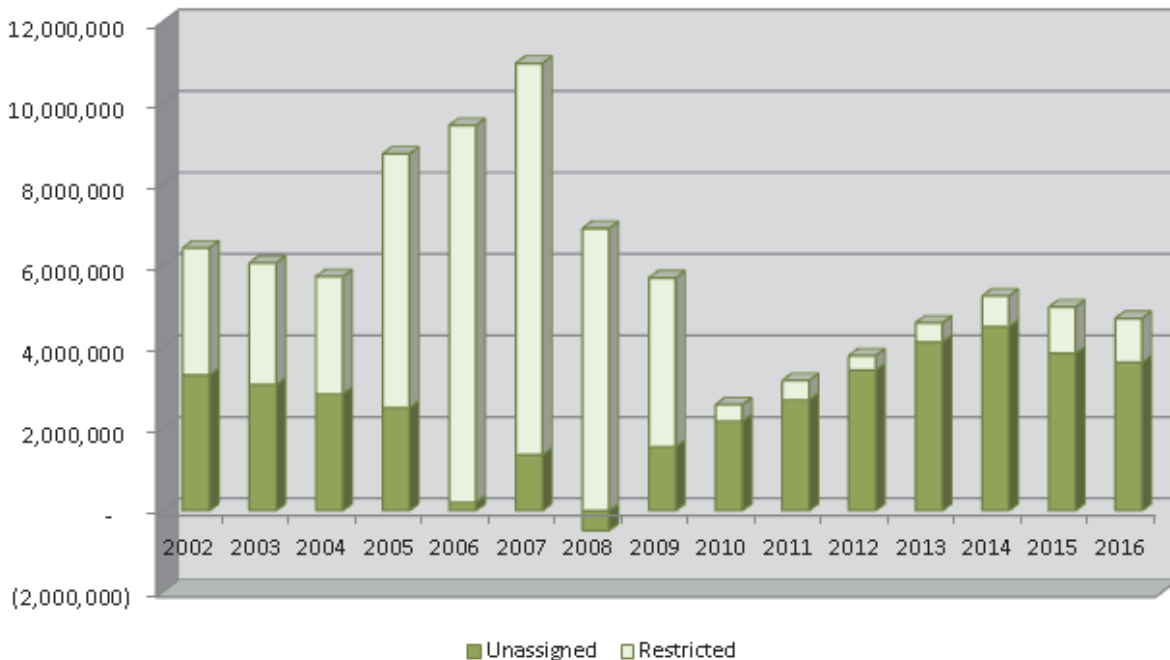
- **Non-spendable balance:**
 - \$25,911 for inventories
 - \$1,363,874 for prepaid items
- **Restricted balance:**
 - \$2,079,021 for Capital Projects
 - \$72,124 for law enforcement equipment
 - \$40,571 for debt service
- **Assigned balance:**
 - \$818,583 for use in 2017 Budget
 - \$1,125,497 for Capital Projects

Major Governmental Fund

General Fund – The General Fund is the primary operating fund and the largest source of day-to-day service delivery. The unassigned fund balance at June 30, 2016 of \$3,634,638 is considered sufficient, representing the equivalent of 49% of fiscal year 2016 general fund expenditures and transfers out, or approximately 6 months of the current years' operating expenditures.

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2016

The following charts reports general fund balances from fiscal year 2003 -2016:



General Fund revenues in the current year increased by \$206,693 from fiscal year 2015 revenues. Expenditures increased by a greater amount of \$211,995.

Capital Projects Fund – The Capital Projects Fund of the City reflects expenditures for capital projects as approved by the governing body. In fiscal year 2016, it is considered a major fund. The fund balance of the Capital Projects Fund increased \$301,392 as a result of transfers to fund future designated capital projects. Revenues, which are primarily, impact fees and transfers in from the General Fund, decreased by \$194,536. Expenditures during the current fiscal year decreased by \$328,204 as a result of the prior year completion of the Seven Springs Museum at the Bodiford House.

SPLOST Fund - The SPLOST Fund is used to account capital projects and infrastructure improvements designated to be funded from County 2011 and 2016 one percent Special Purpose Local Option Sales Tax. The fund balance increase of \$179,599 or 6% is due to the timing of collection of proceeds versus the corresponding expenditures on projects. SPLOST project expenditures were \$2,851,934 during the year as compared to expenditures of \$1,935,636 in fiscal year 2015. Revenues are received uniformly from Cobb County based on Cobb's budgeted allocation to the City.

Major Proprietary Funds

The activities of the City that render services to the general public on a user charge basis, or that require periodic determination of revenues for public policy are accounted for as Proprietary Funds. The Proprietary Fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2016

Net position of the water and sewer fund at the end of the year was \$11,298,548. Equity increased by \$772,055 during the year. Fund expenses increased by \$64,683 primarily due to decreases in water and sewer line and vehicle repairs. Revenues increased by \$159,624 as a result of the City's rate increase necessary to pass through increased costs in fees for water purchases and sewer processing.

The sanitation's fund net position at the end of the year was \$1,468,985. Net position increased by \$240,747 during the year as a result of significant budget cuts and conservative spending.

General Fund Budgetary Highlights

The City's budget is prepared in accordance with the laws of the State of Georgia and the Code of Ordinances of the City. The City adopts the fiscal budget during June of the preceding fiscal year. During June of 2015, the City adopted a General Fund Budget of \$7,911,106. At the end of the fiscal year, the final amended budgeted expenditures and transfers out were \$8,654,647, an increase of \$743,541. Actual General Fund revenue and transfers in was \$288,209 in excess of final budgeted revenues for fiscal year 2016. Actual expenditures and transfers out were \$610,952 less than final budgeted expenditures and transfers out.

The most significant expenditure amendments are summarized as follows:

- The City had several outstanding encumbrances at the end of fiscal year 2016. These approved Purchase Orders totaled \$267,648 for the General Fund. These Purchase Orders contained contracts for legal and landscaping services, as well as Police Vehicle acquisitions and Streets engineering and design. All of these projects were completed and paid in fiscal year 2016.
- Public Safety had an adjustment to capital outlay in the amount of \$189,127 for the City's allotted amount due to Cobb County for the 800 MHz Core Replacement. The City annually appropriated funds to a restricted account each year for the last ten years; therefore, this budget amendment was funded through the assignment of previously restricted fund balance.
- Transfers Out to Capital Projects budget was increased by \$25,000, using current year property tax revenue. This funding was used to complete the landscaping renovations to the Seven Springs Museum at the Bodiford House.
- The City completed a mid-year budget amendment for those items that were requested to fulfill the goals and objectives in the fiscal year 2016 budget. The items include increases to Mayor and Council training budgets, funding the Spring Maintenance for the City Facility's HVAC equipment, as well as acquiring two additional patrol vehicles and funding the increase to the approved adjustment based on the pay and classification study for Police Sergeants and Lieutenants and to fund necessary updates to the Fanning Report.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of related debt for its governmental activities amounts to \$30,834,381 and in the business-type activities the balance was \$5,556,928, as of June 30, 2016. This investment in capital assets includes land, buildings, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, streets and sidewalks, drainage systems and other similar items. As allowed under GASB Statement No. 34, the City has elected not to report major general infrastructure retroactively.

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2016

The table below shows capital assets net of accumulated depreciation as compared to prior year.

**2016 Capital Assets
(Net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2015	2015	2016	2015
Construction in Progress	\$ 2,231,388	\$ 1,789,055	\$ 710,875	\$ 200,399	\$ 2,942,263	\$ 1,989,454
Land	4,767,188	4,767,188	159,077	159,077	4,926,265	4,926,265
Buildings and Improvements	12,720,741	11,636,460	175,835	205,169	12,896,576	11,841,629
Furniture and Fixtures	2,231	4,820	-	-	2,231	4,820
Parks Equipment	551,944	685,604	-	-	551,944	685,604
Vehicles and Equipment	1,064,828	600,402	315,910	371,212	1,380,738	971,614
Infrastructure	15,833,216	15,893,197	-	-	15,833,216	15,893,197
Utility Systems	-	-	4,769,558	4,826,326	4,769,558	4,826,326
Total	<u>37,171,536</u>	<u>35,376,726</u>	<u>6,131,255</u>	<u>5,762,183</u>	<u>43,302,791</u>	<u>41,138,909</u>

At June 30, 2016, the depreciable capital assets for governmental activities were 35% depreciated. This comparison indicates that the City is replacing its assets more quickly than they are depreciating which is a positive indicator. Conversely, the depreciable capital assets of business-type activities were 73.5% depreciable indicating a slower rate of replacement or improvement.

The significant capital asset transfers during the year included the completion of the following projects from construction in progress to infrastructure and facilities include:

- LMIG and SPLOST resurfacing, sidewalk and bridge improvements totaling \$450,106 additions to infrastructure;
- Signage renovations and other City site improvements totaling \$55,252;
- Facility renovations, to include the completion of the Seven Springs Museum at the Bodiford House, totaling \$826,014 additions to buildings and improvements.

Major projects included in the construction in progress account at June 30, 2016 are:

- SPLOST resurfacing, general street and streetscape improvements totaling \$1,256,645 with additional road resurfacing and LMIG projects totaling \$232,359;
- Linear Park landscaping improvements totaling \$17,820;
- Construction at Wild Horse Creek and Powder Springs Park totaling \$266,881.

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

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2016

Long-Term Debt

As of June 30, 2016, the City's total outstanding long-term debt (principal portion) totaled \$7,097,078 and included obligations as follows:

Inter-government agreement liability with the Powder Springs Downtown Development Authority to finance the acquisition of City administrative offices, renovation of the Ford Center and acquisition of right-of-way for the Lewis Road improvement project.	\$3,020,000
Inter-government agreement liability with the Powder Springs Downtown Development Authority to finance the renovation and expansion of a police station and municipal court facilities and to finance the acquisition of a new City museum.	\$3,270,000
Inter-governmental agreement with Cobb County (through State Contract 980-280008) for the Capital Lease Purchase of 27 additional in car and 47 additional handheld 800 MHz Radios.	\$232,750
Loan payable obligations with the Georgia Environmental Facilities Authority for downtown water system conversion project.	\$574,328

The City is legally required to limit outstanding general obligation debt to 10% of the assessed valuation of taxable property within the City which equates to \$34,590,710.

Additional information on the City's long-term debt can be found in Note 7 of the Notes to the Financial Statements.

Economic Factors Affecting the City of Powder Springs

The Mayor and Council consider many factors when adopting the fiscal year 2017 budget. These factors have a significant impact on the City's financial position or results of operations. Key assumptions are as follows:

- Budget adopted for the General Fund estimates expenditures in the amount of \$7,943,433. The expected unassigned fund balance for the General Fund at the end of the fiscal year 2017 to be approximately \$3.12 million.
- The millage rate is adopted in June of each year for the operations and maintenance in General Fund. The millage rate for 2016 was 8.50. This rate has not changed since fiscal year 2005.
- The 2015 taxable digest was \$345,907,103; which was \$24,240,248 or 7.5% higher than the prior year. The budget is adopted in June and the approved digest is received shortly thereafter. Property taxes are a primary revenue stream and also subject to changes based on reassessments and development.
- Water and sewer rates paid to Cobb County have increased as well as other costs of doing business. Auto fuel cost increases are uncertain.
- New health insurance regulations, increased costs of benefits and retirement contributions, as well as reductions in income on retirement investments have a significant effect on the City's benefit costs.

Given the economic times facing everyone; the City continues to take steps to reduce expenditures and control operational costs. By doing so, the City has maintained a positive fund balance.

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2016

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City finances, comply 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 financial information should be addressed to the Finance Director at 4484 Marietta Street, Powder Springs, Georgia 30127.

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,632,236	\$ 7,857,927	\$ 16,490,163
Receivables, net of allowance for uncollectibles	99,996	873,911	973,907
Taxes receivable	184,728	-	184,728
Inventories	25,911	93,955	119,866
Prepaid items	1,363,874	120,267	1,484,141
Restricted cash and cash equivalents	61	-	61
Internal balances	(70,000)	70,000	-
Due from other governments	580,732	-	580,732
Capital assets:			
Non-depreciable	6,998,576	869,952	7,868,528
Depreciable, net of accumulated depreciation	30,172,960	5,261,303	35,434,263
Total assets	<u>47,989,074</u>	<u>15,147,315</u>	<u>63,136,389</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on refundings	185,595	-	185,595
Pension plan experience differences	11,264	6,294	17,558
Pension plan investment earnings	64,085	35,812	99,897
Pension plan contributions subsequent to measurement date	82,380	45,881	128,261
Total deferred outflows of resources	<u>343,324</u>	<u>87,987</u>	<u>431,311</u>
LIABILITIES			
Accounts payable	1,339,542	375,792	1,715,334
Accrued liabilities	113,212	50,411	163,623
Customer deposits	-	857,711	857,711
Interest payable	79,888	-	79,888
Bonds payable, due within one year	580,000	-	580,000
Bonds payable, due in more than one year	5,710,000	-	5,710,000
Note payable, due within one year	-	65,985	65,985
Note payable, due in more than one year	-	508,343	508,343
Capital leases, due within one year	50,387	-	50,387
Capital leases, due in more than one year	182,363	-	182,363
Compensated absences, due within one year	101,420	36,056	137,476
Compensated absences, due in more than one year	76,509	27,198	103,707
Net pension liability, due in more than one year	401,899	224,589	626,488
Net OPEB obligation, due in more than one year	730,419	154,627	885,046
Total liabilities	<u>9,365,639</u>	<u>2,300,712</u>	<u>11,666,351</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan assumption changes	10,262	5,735	15,997
Total deferred inflows of resources	<u>10,262</u>	<u>5,735</u>	<u>15,997</u>
NET POSITION			
Net investment in capital assets	30,834,381	5,556,927	36,391,308
Restricted for:			
Law enforcement	72,124	-	72,124
Debt service	40,571	-	40,571
Capital projects	2,079,201	-	2,079,201
Unrestricted	<u>5,930,220</u>	<u>7,371,928</u>	<u>13,302,148</u>
Total net position	<u>\$ 38,956,497</u>	<u>\$ 12,928,855</u>	<u>\$ 51,885,352</u>

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

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,241,193	\$ 1,029,994	\$ 313,340	\$ 813,289	\$ 915,430	\$ -	\$ 915,430
Judicial	241,622	411,287	-	-	169,665	-	169,665
Public safety	3,324,112	104,588	-	59,524	(3,160,000)	-	(3,160,000)
Public works	1,950,695	-	-	2,279,602	328,907	-	328,907
Community development	757,122	-	-	-	(757,122)	-	(757,122)
Culture and recreation	411,631	82,599	-	127,259	(201,773)	-	(201,773)
Interest on long-term debt	169,011	-	-	-	(169,011)	-	(169,011)
Total governmental activities	8,095,386	1,628,468	313,340	3,279,674	(2,873,904)	-	(2,873,904)
Business-type activities:							
Water & Sewer	5,154,505	5,926,231	-	-	-	771,726	771,726
Solid waste	1,037,995	1,277,369	-	-	-	239,374	239,374
Stormwater	468,945	452,213	-	-	-	(16,732)	(16,732)
Total business-type activities	6,661,445	7,655,813	-	-	-	994,368	994,368
Total primary government	\$ 14,756,831	\$ 9,284,281	\$ 313,340	\$ 3,279,674	(2,873,904)	994,368	(1,879,536)
General revenues:							
Property taxes					3,311,349	-	3,311,349
Sales taxes					50,149	-	50,149
Franchise taxes					721,082	-	721,082
Excise taxes					241,608	-	241,608
Business and occupational taxes					124,468	-	124,468
Insurance premium taxes					803,212	-	803,212
Unrestricted investment earnings					9,548	1,702	11,250
Miscellaneous					89,062	-	89,062
Total general revenues					5,350,478	1,702	5,352,180
Change in net position					2,476,574	996,070	3,472,644
Net position, beginning of year					36,479,923	11,932,785	48,412,708
Net position, end of year					\$ 38,956,497	\$ 12,928,855	\$ 51,885,352

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

CITY OF POWDER SPRINGS, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2016

	General Fund	SPLOST Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 5,250,088	\$ 1,831,247	\$ 1,477,488	\$ 73,413	\$ 8,632,236
Taxes receivable	184,728	-	-	-	184,728
Accounts receivable	60,216	-	-	39,780	99,996
Due from other governments	134,627	425,682	20,423	-	580,732
Inventory	25,911	-	-	-	25,911
Prepaid items	235,182	1,128,692	-	-	1,363,874
Restricted cash and cash equivalents	-	-	61	-	61
Total assets	<u>\$ 5,890,752</u>	<u>\$ 3,385,621</u>	<u>\$ 1,497,972</u>	<u>\$ 113,193</u>	<u>\$ 10,887,538</u>
LIABILITIES					
Accounts payable	\$ 797,518	\$ 267,758	\$ 273,768	\$ 498	\$ 1,339,542
Accrued liabilities	113,212	-	-	-	113,212
Advances from other funds	70,000	-	-	-	70,000
Total liabilities	<u>980,730</u>	<u>267,758</u>	<u>273,768</u>	<u>498</u>	<u>1,522,754</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	166,298	-	-	-	166,298
Unavailable revenue - court fines	28,087	-	-	-	28,087
Unavailable revenue - intergovernmental	-	-	10,000	-	10,000
Total deferred inflows of resources	<u>194,385</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>204,385</u>
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	235,182	1,128,692	-	-	1,363,874
Inventory	25,911	-	-	-	25,911
Restricted:					
Law enforcement	-	-	-	72,124	72,124
Debt service	-	-	-	40,571	40,571
Capital projects	1,323	1,989,171	88,707	-	2,079,201
Assigned for:					
Use in 2017 budget	818,583	-	-	-	818,583
Capital projects	-	-	1,125,497	-	1,125,497
Unassigned	3,634,638	-	-	-	3,634,638
Total fund balances	<u>4,715,637</u>	<u>3,117,863</u>	<u>1,214,204</u>	<u>112,695</u>	<u>9,160,399</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,890,752</u>	<u>\$ 3,385,621</u>	<u>\$ 1,497,972</u>	<u>\$ 113,193</u>	

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	37,171,536
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	204,385
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available current financial resources and, therefore, are not reported in the governmental funds.	(254,432)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(7,325,391)

Net position of governmental activities	\$ 38,956,497
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The accompanying notes are an integral part of these financial statements.

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	SPLOST Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 5,239,485	\$ -	\$ -	\$ -	\$ 5,239,485
Licenses and permits	655,629	-	-	-	655,629
Intergovernmental	303,340	2,773,869	505,805	-	3,583,014
Fines and forfeitures	383,200	-	-	60,625	443,825
Charges for services	370,568	-	130,359	-	500,927
Interest income	9,525	-	3	20	9,548
Contributions and donations	22,213	-	-	-	22,213
Miscellaneous	66,849	-	-	-	66,849
Total revenues	<u>7,050,809</u>	<u>2,773,869</u>	<u>636,167</u>	<u>60,645</u>	<u>10,521,490</u>
Expenditures					
Current:					
General government	861,009	20,707	1,319	-	883,035
Judicial	192,925	-	-	-	192,925
Public safety	3,301,578	-	-	13,017	3,314,595
Public works	825,249	1,802,820	4,844	-	2,632,913
Community development	594,209	-	131,471	-	725,680
Culture and recreation	126,765	3,442	22,896	-	153,103
Capital outlay	-	998,215	800,514	-	1,798,729
Debt service:					
Principal retirements	-	24,914	-	560,000	584,914
Interest	-	1,836	-	216,338	218,174
Total expenditures	<u>5,901,735</u>	<u>2,851,934</u>	<u>961,044</u>	<u>789,355</u>	<u>10,504,068</u>
Excess (deficiency) of revenues over expenditures	<u>1,149,074</u>	<u>(78,065)</u>	<u>(324,877)</u>	<u>(728,710)</u>	<u>17,422</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	17,249	-	-	-	17,249
Issuance of capital lease	-	257,664	-	-	257,664
Transfers in	-	-	693,300	816,112	1,509,412
Transfers out	(1,442,381)	-	(67,031)	-	(1,509,412)
Total other financing sources (uses)	<u>(1,425,132)</u>	<u>257,664</u>	<u>626,269</u>	<u>816,112</u>	<u>274,913</u>
Net change in fund balances	(276,058)	179,599	301,392	87,402	292,335
Fund balances, beginning of year	<u>4,991,695</u>	<u>2,938,264</u>	<u>912,812</u>	<u>25,293</u>	<u>8,868,064</u>
Fund balances, end of year	<u>\$ 4,715,637</u>	<u>\$ 3,117,863</u>	<u>\$ 1,214,204</u>	<u>\$ 112,695</u>	<u>\$ 9,160,399</u>

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

CITY OF POWDER SPRINGS, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

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

Net change in fund balances - total governmental funds	\$ 292,335
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	1,937,971
The net effect of the disposal of capital assets is to decrease net position.	(143,161)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	50,470
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net position. This amount represents repayments of the principal of long-term debt.	327,250
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>11,708</u>
Change in net position - governmental activities	<u><u>\$ 2,476,574</u></u>

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

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2016

ASSETS	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Fund	Totals
CURRENT ASSETS				
Cash and cash equivalents	\$ 6,310,878	\$ 1,366,665	\$ 180,384	\$ 7,857,927
Accounts receivable, net of allowances	685,941	130,601	57,369	873,911
Prepaid items	82,085	31,586	6,596	120,267
Inventories	93,059	896	-	93,955
Total current assets	7,171,963	1,529,748	244,349	8,946,060
NONCURRENT ASSETS				
Advances to other funds	70,000	-	-	70,000
CAPITAL ASSETS				
Non-depreciable	869,952	-	-	869,952
Depreciable, net of accumulated depreciation	5,056,687	204,616	-	5,261,303
Total noncurrent assets	5,996,639	204,616	-	6,201,255
Total assets	13,168,602	1,734,364	244,349	15,147,315
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan experience differences	3,892	2,162	240	6,294
Pension plan contributions subsequent to measurement date	28,903	15,286	1,692	45,881
Pension plan investment earnings	22,145	12,302	1,365	35,812
Total deferred outflows of resources	54,940	29,750	3,297	87,987
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	274,257	31,432	70,103	375,792
Accrued liabilities	40,281	8,277	1,853	50,411
Customer deposits	694,650	163,061	-	857,711
Note payable, current	65,985	-	-	65,985
Compensated absences payable, current	25,324	7,545	3,187	36,056
Total current liabilities	1,100,497	210,315	75,143	1,385,955
NONCURRENT LIABILITIES				
Note payable	508,343	-	-	508,343
Compensated absences payable	19,103	5,691	2,404	27,198
Net pension liability	138,878	77,153	8,558	224,589
OPEB obligation	154,627	-	-	154,627
Total noncurrent liabilities	820,951	82,844	10,962	914,757
Total liabilities	1,921,448	293,159	86,105	2,300,712
DEFERRED INFLOWS OF RESOURCES				
Pension plan assumption changes	3,546	1,970	219	5,735
Total deferred inflows of resources	3,546	1,970	219	5,735
NET POSITION				
Net investment in capital assets	5,352,311	204,616	-	5,556,927
Unrestricted	5,946,237	1,264,369	161,322	7,371,928
Total net position	\$ 11,298,548	\$ 1,468,985	\$ 161,322	\$ 12,928,855

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

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Fund	Totals
OPERATING REVENUES				
Charges for sales and services	\$ 5,529,631	\$ 1,228,732	\$ 452,213	\$ 7,210,576
Other operating income	396,600	48,637	-	445,237
Total operating revenues	<u>5,926,231</u>	<u>1,277,369</u>	<u>452,213</u>	<u>7,655,813</u>
OPERATING EXPENSES				
Salaries and benefits	915,788	408,260	113,503	1,437,551
General operating expenses	2,563,497	607,827	355,442	3,526,766
Depreciation	484,855	21,908	-	506,763
Water purchases	1,166,491	-	-	1,166,491
Total operating expenses	<u>5,130,631</u>	<u>1,037,995</u>	<u>468,945</u>	<u>6,637,571</u>
Operating income (loss)	795,600	239,374	(16,732)	1,018,242
NON-OPERATING REVENUES (EXPENSES)				
Interest income	329	1,373	-	1,702
Interest and fiscal charges	(23,874)	-	-	(23,874)
Total non-operating revenue (expenses)	<u>(23,545)</u>	<u>1,373</u>	<u>-</u>	<u>(22,172)</u>
Change in net position	772,055	240,747	(16,732)	996,070
Net position, beginning of year	<u>10,526,493</u>	<u>1,228,238</u>	<u>178,054</u>	<u>11,932,785</u>
Net position, end of year	<u><u>\$ 11,298,548</u></u>	<u><u>\$ 1,468,985</u></u>	<u><u>\$ 161,322</u></u>	<u><u>\$ 12,928,855</u></u>

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

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 5,880,221	\$ 1,284,178	\$ 437,017	\$ 7,601,416
Payments to suppliers	(3,913,859)	(602,011)	(300,223)	(4,816,093)
Payments to employees	(886,921)	(382,038)	(111,394)	(1,380,353)
Net cash provided by operating activities	<u>1,079,441</u>	<u>300,129</u>	<u>25,400</u>	<u>1,404,970</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Receipt of advances to other funds	70,000	-	-	70,000
Net cash used in non-capital financing activities	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(875,835)	-	-	(875,835)
Principal payments on loans	(63,443)	-	-	(63,443)
Payment on intergovernmental contracts payable	(55,521)	-	-	(55,521)
Interest paid	(23,874)	-	-	(23,874)
Net cash used in capital and related financing activities	<u>(1,018,673)</u>	<u>-</u>	<u>-</u>	<u>(1,018,673)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	-	-	-	-
Interest received	329	1,373	-	1,702
Net cash provided by investing activities	<u>329</u>	<u>1,373</u>	<u>-</u>	<u>1,702</u>
Net increase in cash and cash equivalents	131,097	301,502	25,400	457,999
Cash and cash equivalents, beginning of year	6,179,781	1,065,163	154,984	7,399,928
Cash and cash equivalents, end of year	<u>\$ 6,310,878</u>	<u>\$ 1,366,665</u>	<u>\$ 180,384</u>	<u>\$ 7,857,927</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 795,600	\$ 239,374	\$ (16,732)	\$ 1,018,242
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	484,855	21,908	-	506,763
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(46,010)	6,809	(15,196)	(54,397)
Increase in prepaid items	(17,715)	(3,475)	(3,669)	(24,859)
Decrease in inventories	936	-	-	936
Increase in deferred outflows of resources - experience change	(3,129)	(1,802)	(159)	(5,090)
Decrease in deferred outflows of resources - contributions to pension plan	3,557	3,004	338	6,899
Increase in deferred outflows of resources - investment earnings, pensions	(36,341)	(18,997)	(2,873)	(58,211)
Increase (decrease) in accounts payable	(194,856)	(18,755)	58,888	(154,723)
Increase in accrued liabilities	29,141	3,572	832	33,545
Increase in customer deposits	27,764	28,046	-	55,810
Increase (decrease) in compensated absences payable	(21,055)	(102)	3,885	(17,272)
Increase in net pension liability	61,113	40,479	295	101,887
Increase (decrease) in deferred inflows of resources - pension plan assumption changes	(486)	68	(209)	(627)
Decrease in net OPEB obligation	(3,933)	-	-	(3,933)
Net cash provided by operating activities	<u>\$ 1,079,441</u>	<u>\$ 300,129</u>	<u>\$ 25,400</u>	<u>\$ 1,404,970</u>

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

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Incorporated in 1859, under the laws of the state of Georgia, the City of Powder Springs is governed by an elected mayor and a five-member council. The government provides such services as police protection, cultural and recreational activities, housing and development and public works.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government’s operations.

The Downtown Development Authority (“DDA”) is responsible for promoting and further developing trade, commerce, industry and employment opportunities within the City of Powder Springs, Georgia. The DDA operates under a five member board, which is all appointed by the City Council members. The City has significant control over the DDA and is responsible for the repayment of the debt of the DDA. The DDA does not issue separate financial statements and is included as a blended component unit in the City’s financial report. The DDA is presented as a governmental fund type.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City’s capital assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds 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 **Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating the City's 2006, 2011, and 2016 Special Purpose Local Options Sales tax referendums.

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

The City reports the following major enterprise funds:

The **Water and Sewer Fund** accounts for the operation, maintenance and development of the City's water and sewer system and services.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **Sanitation Fund** accounts for the activities associated with the collection of residential garbage, including recyclables, non-recyclables and yard waste. Activity is rendered on a user charge basis.

Additionally, the City reports the following fund types:

The **special revenue fund** is used to account for specific revenues, such as confiscations/forfeitures and various grants and contributions, which are legally restricted or committed to expenditures for particular purposes.

The **debt service fund** accounts for the resources accumulated and payments made for principal and interest on long-term debt obligations of governmental funds.

The **Stormwater fund** accounts for the collection of fees for upgrades to stormwater drains and related expenses.

In accounting and reporting for its proprietary operations, the government applies all GASB pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any inter-fund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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.

D. Budgets

Annual appropriated budgets are adopted for all governmental funds, with the exception of capital projects funds for which project length budgets are adopted. The governmental funds budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except indirect costs are budgeted as revenues rather than a reduction of the expenditures. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General fund and special revenue funds. During the fiscal year ended June 30, 2016, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All budget appropriations lapse at the end of each year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, special revenue and Capital Projects funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. There were no significant encumbrances outstanding at year end.

E. Deposits

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Any deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

G. Interfund 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 are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as “internal balances.”

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

H. Inventories

All inventories are valued at average cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

Included in the City's prepaid items is the City's portion of SPLOST proceeds receipted through June 30, 2016 which are paid to the County for the future improvements to be performed on Powder Springs Park and subsequently turned over to the City. As of June 30, 2016, these deposits totaled \$1,128,692.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. In accordance with GASB 34, infrastructure assets acquired prior to July 1, 2003 have not been capitalized.

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

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

Buildings & Improvements	5-30 years
Utility System	30 years
Machinery, furniture & fixtures, and equipment	3-30 years
Infrastructure	30 years

Fully depreciated assets still in service are carried in the capital asset accounts.

K. 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 a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until that time. The City has four items which qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The other three items are related to the City's pension Plan and are discussed on the following page.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows / Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. The governmental funds report unavailable revenues from property taxes, court fines, and intergovernmental revenues as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other item is related to the City's pension Plan and is discussed in the following paragraph.

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

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 government-wide and proprietary fund financial statements. A liability for those amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Pensions

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

N. 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. Bond issuance costs are expensed in the year of issuance.

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

O. Fund Equity

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

Fund balances are classified as follows:

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

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

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the City Council. Approval of a resolution after a formal vote of the City Council is required to establish a commitment of fund balance. Similarly, the City Council may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council, through City Ordinance, has expressly delegated to the City Manager or his/her designee, the authority to assign funds for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund and other governmental funds may only report negative unassigned fund balances. The City, by resolution, has created a minimum fund balance policy to be no less than 25% of the next fiscal year's budgeted expenditures and outgoing transfers, in order to maintain adequate reserves to cover unforeseen revenue shortfalls and to maintain a budget stabilization commitment.

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. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

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.

P. Management Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$7,325,391 difference are as follows:

Bonds payable	\$	(6,290,000)
Deferred charges on refunding		185,595
Accrued interest payable		(79,888)
Compensated absences (i.e., vacation)		(177,929)
Capital Lease Payable		(232,750)
Net OPEB obligation		<u>(730,419)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	<u><u>(7,325,391)</u></u>

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of that reconciliation states that “deferred outflows of resources, deferred inflows of resources, and the net pension liability are not expected to be liquidated with expendable available resources and therefore are not reported in the funds.” The details of this \$254,432 difference are as follows:

Net pension liability	\$ (401,899)
Deferred outflows of resources:	
Pension plan contributions subsequent to measurement date	82,380
Net difference between projected and actual investment earnings	64,085
Pension plan experience differences	11,264
Deferred inflows of resources:	
Pension plan assumption changes	(10,262)
Net adjustment to reduce <i>fund balance- total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (254,432)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,937,971 difference are as follows:

Capital outlay	\$ 3,652,056
Depreciation expense	<u>(1,694,085)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ 1,957,971</u>

NOTES TO FINANCIAL STATEMENTS

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

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

The “issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither, transaction; however, has any effect on net position.” The details of this \$327,250 difference are as follows:

Issuance of capital lease	\$ (257,664)
Payment on bonds payable	560,000
Payment on capital lease	<u>24,914</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ 327,250</u></u>

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$11,708 difference are as follows:

Compensated absences (i.e., vacation)	\$ (31,497)
Accrued interest	67,722
Amortization of deferred charges	(18,559)
Pension expense	(26,778)
Net OPEB obligation	<u>20,820</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ 11,708</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the Director of Finance and the City Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2016 are summarized as follows:

Statement of Net Position:

Cash and cash equivalents	\$ 16,490,163
Restricted cash and cash equivalents	61
	<u>\$ 16,490,224</u>
Cash deposited with financial institutions	\$ 12,387,520
Cash deposited with Georgia fund 1	4,102,704
	<u>\$ 16,490,224</u>

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

Credit risk. State statutes and the City's policies authorize the City to invest in obligations of the state of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the state of Georgia. The City does not have a credit rating policy which provides restrictions or limitations on credit ratings for the City's investments.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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 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, 2016, the City's deposits are insured or collateralized as required by state law.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1, which is also the lien date. The taxes are levied by July 31 based on the assessed value of property as listed on the previous January 1 and are due on October 15 of each year. Property taxes are recorded as receivables and unavailable revenues when assessed. Revenues are recognized when available.

Receivables at June 30, 2016, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	Receivables				
	Taxes	Accounts	From Other Governments	Less Allowances	Net Total Receivables
General	\$ 372,231	\$ 88,273	\$ 134,627	\$ (215,560)	\$ 379,571
SPLOST	-	-	425,682	-	425,682
Capital Projects	-	-	20,423	-	20,423
Nonmajor Governmental	-	39,780	-	-	39,780
Water & Sewer	-	816,111	-	(130,170)	685,941
Sanitation	-	160,506	-	(29,905)	130,601
Nonmajor - Stormwater	-	57,369	-	-	57,369
	<u>\$ 372,231</u>	<u>\$ 1,162,039</u>	<u>\$ 580,732</u>	<u>\$ (375,635)</u>	<u>\$ 1,739,367</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended June 30, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Nondepreciable capital assets:					
Land	\$ 4,767,188	\$ -	\$ -	\$ -	\$ 4,767,188
Construction in progress	1,789,055	1,773,705	-	(1,331,372)	2,231,388
Total	<u>6,556,243</u>	<u>1,773,705</u>	<u>-</u>	<u>(1,331,372)</u>	<u>6,998,576</u>
Capital assets, being depreciated:					
Buildings and improvements	16,053,158	832,923	-	881,266	17,767,347
Furniture and fixtures	125,960	-	-	-	125,960
Parks equipment	4,579,452	26,359	-	-	4,605,811
Vehicles and equipment	4,383,617	719,478	-	-	5,103,095
Infrastructure - streets	18,393,756	279,591	(179,444)	450,106	18,944,009
Total	<u>43,535,943</u>	<u>1,858,351</u>	<u>(179,444)</u>	<u>1,331,372</u>	<u>46,546,222</u>
being depreciated					
Less accumulated depreciation for:					
Buildings and improvements	(4,416,698)	(629,908)	-	-	(5,046,606)
Furniture and fixtures	(121,140)	(2,589)	-	-	(123,729)
Parks equipment	(3,893,848)	(160,019)	-	-	(4,053,867)
Vehicles and equipment	(3,783,215)	(255,052)	-	-	(4,038,267)
Infrastructure - streets	(2,500,559)	(646,517)	36,283	-	(3,110,793)
Total	<u>(14,715,460)</u>	<u>(1,694,085)</u>	<u>36,283</u>	<u>-</u>	<u>(16,373,262)</u>
Total capital assets, being depreciated, net	<u>28,820,483</u>	<u>164,266</u>	<u>(143,161)</u>	<u>1,331,372</u>	<u>30,172,960</u>
Governmental activities capital assets, net	<u>\$ 35,376,726</u>	<u>\$ 1,937,971</u>	<u>\$ (143,161)</u>	<u>\$ -</u>	<u>\$ 37,171,536</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Transfers	Ending Balance
Business-type activities:				
Nondepreciable capital assets				
Land	\$ 159,077	\$ -	\$ -	\$ 159,077
Construction in progress	200,399	710,875	(200,399)	710,875
Total	<u>359,476</u>	<u>710,875</u>	<u>(200,399)</u>	<u>869,952</u>
Capital assets, being depreciated				
Buildings and improvements	844,137	-	-	844,137
Furniture and fixtures	46,215	-	-	46,215
Utility systems	17,119,224	153,480	200,399	17,473,103
Vehicles and equipment	1,444,391	11,480	-	1,455,871
Total	<u>19,453,967</u>	<u>164,960</u>	<u>200,399</u>	<u>19,819,326</u>
Less accumulated depreciation for:				
Buildings and improvements	(638,968)	(29,334)	-	(668,302)
Furniture and fixtures	(46,215)	-	-	(46,215)
Utility systems	(12,292,898)	(410,647)	-	(12,703,545)
Vehicles and equipment	(1,073,179)	(66,782)	-	(1,139,961)
Total	<u>(14,051,260)</u>	<u>(506,763)</u>	<u>-</u>	<u>(14,558,023)</u>
Total capital assets being depreciated, net	<u>5,402,707</u>	<u>(341,803)</u>	<u>200,399</u>	<u>5,261,303</u>
Business-type activities capital assets, net	<u>\$ 5,762,183</u>	<u>\$ 369,072</u>	<u>\$ -</u>	<u>\$ 6,131,255</u>

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

Governmental activities:	
General government	\$ 217,090
Public safety	319,480
Public works	823,582
Judicial	48,945
Culture and recreation	257,985
Community development	<u>27,003</u>
Total depreciation expense - governmental activities	<u>\$ 1,694,085</u>
Business-type activities	
Water & sewer	\$ 484,855
Sanitation	<u>21,908</u>
Total depreciation expense - business-type activities	<u>\$ 506,763</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2016

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$ 6,850,000	\$ -	\$ (560,000)	\$ 6,290,000	\$ 580,000
Capital lease payable	-	257,664	(24,914)	232,750	50,387
Compensated absences	146,432	175,997	(144,500)	177,929	101,420
Net pension liability	262,956	264,884	(125,941)	401,899	-
Net OPEB obligation	751,239	28,597	(49,417)	730,419	-
Governmental activity Long-term liabilities	<u>\$ 8,010,627</u>	<u>\$ 727,142</u>	<u>\$ (904,772)</u>	<u>\$ 7,832,997</u>	<u>\$ 731,807</u>
Business-type activities:					
Loans payable	637,771	-	(63,443)	574,328	65,985
Intergovernmental contract payable	55,521	-	(55,521)	-	-
Compensated absences	80,526	57,606	(74,878)	63,254	36,056
Net pension liability	122,702	148,018	(46,131)	224,589	-
Net OPEB obligation	158,560	6,036	(9,969)	154,627	-
Business-type activity Long-term liabilities	<u>\$ 1,055,080</u>	<u>\$ 211,660</u>	<u>\$ (249,942)</u>	<u>\$ 1,016,798</u>	<u>\$ 102,041</u>

For governmental funds, compensated absences are liquidated by the General Fund. The OPEB obligation and net pension liability are liquidated by the General Fund. The amortization expense on assets financed under capital lease was included in current year depreciation expense.

Revenue Bonds

On March 30, 2005, the City of Powder Springs Downtown Development Authority ("DDA"), a blended component unit of the City, issued \$4,895,000 in Series 2005 Revenue Bonds bearing interest at a rate of 3.75% per annum payable each February 1 and September 1 with principal payable annually on September 1. The bonds were issued for the purpose of purchasing the United Community Bank building for the use of administrative offices of the City, renovations of the Ford Center for public recreational and cultural use and acquisition of right-of-way for the Lewis Road improvement project.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

On March 30, 2005, the City and the DDA entered into an intergovernmental agreement whereby the City is obligated to make lease payments to the DDA for the purpose of paying the principal and interest on the outstanding balance of the 2005 Revenue Bonds issued by the DDA. This agreement enables the City to lease from the DDA the facilities purchased by the DDA. The lease is a direct financing lease in accordance with generally accepted accounting principles. This agreement will not expire until full payment of the bonds is complete. Prior to expiration of the lease upon full payment of the bonds outstanding, the City may purchase the project from the DDA for \$100.

On August 29, 2006, the DDA issued \$4,715,000 in Series 2006 Revenue Bonds bearing interest at 3.95% per annum payable February 1 and August 1 commencing February 1, 2007 with principal payable annually each February 1 commencing on February 1, 2009. The bonds were issued for the purpose of financing the renovation and expansion of a police station and the City administrative offices, and acquiring and renovating a building to be used as a City Museum.

Concurrent with the issuance of the Series 2006 Revenue Bonds, the City and the DDA entered into an intergovernmental agreement whereby the City is obligated to make lease payments to the DDA for the purpose of paying the principal and interest payments on the outstanding balance of the 2006 Revenue Bonds issued by the DDA. The lease is a direct financing lease in accordance with generally accepted accounting principles. This agreement will not expire until full payment of the bonds is complete.

On September 17, 2014, the DDA issued \$3,335,000 in Series 2014 Revenue Bonds bearing interest at 2.40% per annum payable February 1 and August 1 commencing February 1, 2015 with principal payable annually each February 1 commencing on February 1, 2015. The bonds were issued for the purpose of partially refunding the outstanding balance of the Series 2006 Bonds, maturing February 1, 2017 through February 1, 2026 which were paid in full in January 2015. The reacquisition price exceeded the net carrying amount of the old debt by \$204,154. This amount is being amortized over the remaining life of the refunded debt. The refunding was undertaken to reduce the total debt service payments by \$204,481, with a present value of \$177,959.

Concurrent with the issuance of the Series 2014 Revenue Bonds, the City and the DDA entered into an intergovernmental agreement whereby the City is obligated to make lease payments to the DDA for the purpose of paying the principal and interest payments on the outstanding balance of the 2014 Revenue Bonds issued by the DDA. The lease is a direct financing lease in accordance with generally accepted accounting principles. This agreement will not expire until full payment of the bonds is complete.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

The debt service to maturity on the Series 2005, 2006, and 2014 revenue bonds is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2017	\$ 580,000	\$ 191,730	\$ 771,730
2018	595,000	173,963	768,963
2019	615,000	155,700	770,700
2020	635,000	136,755	771,755
2021	655,000	117,195	772,195
2022-2026	3,210,000	261,772	3,471,772
Total	<u>\$ 6,290,000</u>	<u>\$ 1,037,115</u>	<u>\$ 7,327,115</u>

Notes Payable

The City has also incurred debt to the Georgia Environmental Finance Authority for construction of various water and sewer system projects. The notes outstanding at June 30, 2016 are as follows:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Balance</u>
4.10%	18 years	2020	\$ 505,354
3.82%	20 years	2027	668,371
			<u>\$ 1,173,725</u>

The City's notes payable debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2017	\$ 65,985	\$ 21,332	\$ 87,317
2018	68,698	18,619	87,317
2019	71,467	15,850	87,317
2020	74,328	12,989	87,317
2021	47,361	10,365	57,726
2022-2026	211,184	28,547	239,731
2027	35,305	675	35,980
Total	<u>\$ 574,328</u>	<u>\$ 108,377</u>	<u>\$ 682,705</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

During fiscal year 2001, the City also entered into an agreement with Cobb County under which the County advanced \$146,200 in tap fees for 34 lots on Stanley Drive. The City collects tap fees from the homeowners when the sewer system is tapped onto in either a lump sum amount or in monthly installments over 10 years. The fees collected are then remitted to the County.

During fiscal year 2016, the City paid the entire remaining portion owed to the County in the amount of \$55,521 for the year ended June 30, 2016.

In March 2016, the City entered into a capital lease agreement with Cobb County for the purchase of \$267,500 of radio and weather response equipment. The lease term is sixty months ending February of 2021. The lease bears interest at 1.43% with monthly payments due \$4,458.

The capital lease debt service requirements are as follows:

	<u>Payment</u>
Year Ending June 30,	
2017	\$ 53,500
2018	53,500
2019	53,500
2020	53,500
2021	26,750
Total payments	<u>240,750</u>
Less interest expense	<u>(8,000)</u>
Total principal	<u><u>\$ 232,750</u></u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Sewer Fund	General Fund	\$ 70,000

In 2007, the Water and Sewer Fund loaned the General Fund \$700,000 for operational purposes; the General Fund is repaying the Water and Sewer Fund in annual installments of \$70,000 with the intention of repaying the advance in the year ending June 30, 2017.

The Fines & Forfeitures Fund originally paid for an expenditure which the City determined should have been paid by the General Fund, and the payable was generated due to the timing of the reimbursement.

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 693,300
Nonmajor Governmental Funds	General Fund	\$ 749,081
Nonmajor Governmental Funds	Capital Projects Fund	67,031
		<u>\$ 816,112</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

Plan Description

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

As provided by state law, benefit provisions for participants in GMEBS are established and amended by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials who are immediately eligible, who work forty hours per week are eligible to participate after one year. Benefits vest after five years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 1.50% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to \$30 for each year of service after reaching normal retirement age.

Plan Membership

At January 1, 2016, the date of the most recent actuarial valuation, there were 122 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	20
Terminated vested participants not yet receiving benefits	30
Active employees - vested	42
Active employees - nonvested	30
Total	<u>122</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2016, the actuarially determined contribution rate was 5.02% of covered payroll. The City makes all contributions to the Plan. For 2016, the City's contribution to the Plan was \$171,015.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2015.

Actuarial Assumptions

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.25%
Investment rate of return	7.75%

Mortality rates for the January 1, 2015 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Actuarial Assumptions (Continued)

Cost of living adjustments were assumed to be 0.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the table below.

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Domestic equity	50%	5.95%
International equity	15%	6.45
Fixed income	25%	1.55
Real estate	10%	3.75
Cash	—%	
Total	<u>100%</u>	

* Rates shown are net of the 3.25% assumed rate of inflation

Discount rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2016 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/15	\$ 3,166,069	\$ 2,780,411	\$ 385,658
Changes for the year:			
Service cost	152,063	-	152,063
Interest	241,997	-	241,997
Differences between expected and actual experience	17,435	-	17,435
Contributions—employer	-	189,890	(189,890)
Net investment income	-	28,135	(28,135)
Benefit payments, including refunds of employee contributions	(87,044)	(87,044)	-
Administrative expense	-	(11,753)	11,753
Other changes	35,607	-	35,607
Net changes	360,058	119,228	240,830
Balances at 6/30/16	\$ 3,526,127	\$ 2,899,639	\$ 626,488

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

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 1,144,119	\$ 626,488	\$ 200,137

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Sensitivity of the net pension liability to changes in the discount rate (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2015 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended June 30, 2016, the City recognized pension expense of \$242,647. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,558	\$ -
Changes in assumptions	-	15,997
Net difference between projected and actual earnings on pension plan investments	99,897	-
City contributions subsequent to the measurement date	128,261	-
Total	<u>\$ 245,716</u>	<u>\$ 15,997</u>

City contributions subsequent to the measurement date of \$128,261 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2017	\$	20,238
2018		20,238
2019		20,238
2020		37,839
2021		2,905
Total	<u>\$</u>	<u>101,458</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City of Powder Spring's OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Powder Springs. The City provides certain healthcare insurance benefits to retirees. Substantially all of the City's employees may become eligible for those benefits if they retire under the rule of 75 with a minimum retirement age of 50. Benefits are payable to the retirees on a sliding scale, based on their age with 4% of benefits being paid from age 50-55 up to 100% of benefits payable from 65 and older. As of June 30, 2016, there nine retirees eligible for the benefits and 49 active employees. The City has the authority to establish and amend benefit provisions.

The Plan does not issue separate financial statements.

The following schedule reflects membership for the OPEB Plan as of July 1, 2015, the most recent actuarial valuation:

Active participants	49
Retirees and beneficiaries currently receiving benefits	9
Total	<u>58</u>

The following is a schedule of funding progress:

Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
07/01/15	\$ -	\$ 999,549	\$ 999,549	0%	\$ 3,759,072	26.6%

The above schedule of funding progress serves as a surrogate for the funded status and the funding progress of the Plan. See required supplementary information for a history of funding progress which presents a multiyear trend about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Funding Policy

Contribution requirements and amendments are approved by resolution of the City Council. The City pays claims for eligible retired plan members and their spouses on a pay as you go basis.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Employer Contributions

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost (AOPEBC)</u>	<u>Actual OPEB Contribution</u>	<u>Percentage of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 34,633	\$ 59,386	171.5 %	\$ 885,046
2015	55,824	37,218	66.7	909,799
2014	53,787	33,731	62.7	891,193
2013	13,143	28,354	215.7	871,137

Annual OPEB Cost and Net OPEB Obligation

	<u>For The Plan Year Ending June 30, 2016</u>	<u>For The Plan Year Ending June 30, 2015</u>
Annual required contribution	\$ 48,755	\$ 71,888
Interest on net OPEB obligation	39,663	36,412
Adjustments to annual required contribution	(53,785)	(52,476)
Annual OPEB cost	34,633	55,824
Contributions made	(59,386)	(37,218)
Increase (decrease) in net OPEB obligation	(24,753)	18,606
Net OPEB obligation, beginning of year	909,799	891,193
Net OPEB obligation, end of year	<u>\$ 885,046</u>	<u>\$ 909,799</u>

Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2015. The assumptions used in the July 1, 2015 actuarial valuation are as follows:

Cost Method:	Projected Unit Credit
Discount Rate:	4%
Healthcare Cost Trend Rate:	5%
Employee Participation:	80%
Amortization Method:	Level Dollar, Open
Remaining Amortization Period:	30 years
Inflation Rate:	3%

NOTES TO FINANCIAL STATEMENTS

NOTE 11. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which Cobb County, Georgia pays on behalf of the City of Powder Springs, Georgia. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, Georgia 30303.

NOTE 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 Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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

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

Settled claims have not exceeded the coverage in the past three years.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

The City is also exposed to risk of loss related to job-related illnesses or injuries to employees for which the City has transferred its risk through participation in a public entity risk pool managed by the Georgia Municipal Association Worker's Compensation Self Insurance Fund whereby the risk is pooled with other entities. The retention of the pool is \$500,000. Yearly premiums are paid by the City which will pay for lost time exceeding the first seven days the employee is absent, and the first seven days if the employee is absent at least 21 days.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Worker's Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent.

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation:

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Construction Commitments:

The City has active construction projects as of June 30, 2016. The projects include street construction, sidewalks and pedestrian pathways in areas previously void of such amenities, park improvements, and the construction of general administration facilities. At year end, the City's commitments with contractors include:

Project	Incurred- to-Date	Remaining Commitment
Park improvements	\$ 83,520	\$ 47,580
Sidewalk and pedestrian projects	-	263,005
Street and transportation improvements	1,360,753	662,691
Total	<u>\$ 1,444,273</u>	<u>\$ 973,276</u>

The above projects are being financed primarily through the Capital Project and SPLOST funds, using pay-as-you-go funding sources.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF POWDER SPRINGS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION POSTEMPLOYMENT HEALTHCARE PLAN SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
7/1/15	\$ -	\$ 999,549	\$ 999,549	0.0%	\$ 3,759,072	26.6%
7/1/13	-	900,996	900,996	0.0%	3,318,320	27.2%
1/1/12	-	806,843	806,843	0.0%	3,393,061	23.8%

Note: See assumptions used for the Schedule of Funding Progress in Note 10 to the financial statements.

CITY OF POWDER SPRINGS, GEORGIA

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

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 152,063	\$ 147,966
Interest on total pension liability	241,997	221,191
Differences between expected and actual experience	17,435	4,544
Changes of assumptions	-	(23,991)
Benefit payments, including refunds of employee contributions	(87,044)	(75,427)
Other changes	35,607	-
Net change in total pension liability	<u>360,058</u>	<u>274,283</u>
Total pension liability - beginning	<u>3,166,069</u>	<u>2,891,786</u>
Total pension liability - ending (a)	<u><u>\$ 3,526,127</u></u>	<u><u>\$ 3,166,069</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 189,890	\$ 187,392
Net investment income	28,135	277,971
Benefit payments, including refunds of member contributions	(87,044)	(75,427)
Administrative expenses	(11,753)	(9,403)
Net change in plan fiduciary net position	<u>119,228</u>	<u>380,533</u>
Plan fiduciary net position - beginning	<u>2,780,411</u>	<u>2,399,878</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,899,639</u></u>	<u><u>\$ 2,780,411</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 626,488</u></u>	<u><u>\$ 385,658</u></u>
Plan fiduciary net position as a percentage of the total pension liability	82.23%	87.82%
Covered-employee payroll	\$ 2,934,029	\$ 3,353,477
City's net pension liability as a percentage of covered-employee payroll	21.35%	11.50%

Notes to the Schedule:

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

CITY OF POWDER SPRINGS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION RETIREMENT PLAN SCHEDULE OF CITY CONTRIBUTIONS

	2016	2015
Actuarially determined contribution	\$ 168,902	\$ 176,564
Contributions in relation to the actuarially determined contribution	171,015	176,564
Contribution deficiency (excess)	\$ (2,113)	\$ -
Covered-employee payroll	\$ 3,406,673	\$ 2,931,666
Contributions as a percentage of covered-employee payroll	5.02%	6.02%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	January 1, 2015
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost-of-living Adjustment	0.00%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective period of 10 year

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

CITY OF POWDER SPRINGS, GEORGIA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,934,700	\$ 5,089,552	\$ 5,239,485	\$ 149,933
Licenses and permits	490,000	555,000	655,629	100,629
Intergovernmental	380,912	388,357	303,340	(85,017)
Fines and forfeitures	322,250	337,640	383,200	45,560
Charges for services	1,038,579	1,038,579	1,070,147	31,568
Interest	5,000	5,000	9,525	4,525
Contributions and donations	6,000	16,000	22,213	6,213
Miscellaneous	28,300	44,300	66,849	22,549
Total revenues	7,205,741	7,474,428	7,750,388	275,960
Expenditures				
Current:				
General government:				
Legislative	157,044	171,034	148,128	22,906
City clerk	144,313	144,313	129,621	14,692
General administration fees	668,077	759,529	642,927	116,602
Financial administration	345,725	346,417	327,528	18,889
Data processing	254,218	272,999	211,791	61,208
Human resources	95,105	103,959	100,593	3,366
Total general government	1,664,482	1,798,251	1,560,588	237,663
Judicial	186,781	202,435	192,925	9,510
Public safety	2,771,384	3,320,870	3,301,578	19,292
Public works	859,985	1,011,170	825,249	185,921
Community development	645,291	671,709	594,209	77,500
Culture and recreation	139,370	149,706	126,765	22,941
Total expenditures	6,267,293	7,154,141	6,601,314	552,827
Excess of revenues over expenditures	938,448	320,287	1,149,074	828,787
Other financing sources (uses)				
Proceeds from sale of capital assets	5,000	5,000	17,249	12,249
Transfers out	(1,643,813)	(1,500,506)	(1,442,381)	58,125
Total other financing sources (uses)	(1,638,813)	(1,495,506)	(1,425,132)	70,374
Net change in fund balances	(700,365)	(1,175,219)	(276,058)	899,161
Fund balance, beginning of year	4,991,695	4,991,695	4,991,695	-
Fund balance, end of year	\$ 4,291,330	\$ 3,816,476	\$ 4,715,637	\$ 899,161

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

In the General Fund, accounting principles used in developing budgets on a budgetary basis differ from those used in preparing financial statements in conformity with generally accepted accounting principles (GAAP). The City budgets charges for service revenues and department expenditures for indirect cost allocations which are offset in the Statement of Revenues, Expenditures and Changes in Fund Balances. Thus, there is an accounting basis difference between the budget and actual Statement of Revenues, Expenditures and Changes in Fund Balances in the General Fund that is reconciled as follows:

Revenues GAAP Basis	\$ 7,050,809	
Indirect Cost Revenues	<u>699,579</u>	
Revenues, Budgetary Basis		7,750,388
 Expenditures GAAP Basis	 5,901,735	
Indirect Cost Expenditures	<u>699,579</u>	
Expenditures, Budgetary Basis		<u>6,601,314</u>
 Excess of revenues Over Expenditures, Budgetary Basis		 <u>\$ 1,149,074</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

Police Seizure Fund – To account for the use of confiscated drug money by the City's Police Department, which is restricted by state law in purpose.

Debt Service Fund

Debt Service Fund – To account for the resources accumulated and payments made for principal and interest on long-term debt obligations of the Downtown Development Authority, a blended component unit of the City.

CITY OF POWDER SPRINGS, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2016

	Special Revenue Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Police Seizure Fund	Downtown Development Authority Fund	
ASSETS			
Cash and cash equivalents	\$ 72,622	\$ 791	\$ 73,413
Accounts receivable	-	39,780	39,780
Total assets	<u>\$ 72,622</u>	<u>\$ 40,571</u>	<u>\$ 113,193</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 498	-	\$ 498
Total liabilities	<u>498</u>	<u>-</u>	<u>498</u>
FUND BALANCES			
Restricted:			
Law enforcement	72,124	-	72,124
Debt service	-	40,571	40,571
Total fund balances	<u>72,124</u>	<u>40,571</u>	<u>112,695</u>
Total liabilities and fund balances	<u>\$ 72,622</u>	<u>\$ 40,571</u>	<u>\$ 113,193</u>

CITY OF POWDER SPRINGS, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Police Seizure Fund	Downtown Development Authority Fund	
REVENUES			
Fines and forfeitures	\$ 60,625	\$ -	\$ 60,625
Interest income	14	6	20
Total revenues	60,639	6	60,645
EXPENDITURES			
Current			
Public safety	13,017	-	13,017
Debt service:			
Principal retirements	-	560,000	560,000
Interest	-	216,338	216,338
Total expenditures	13,017	776,338	789,355
Excess (deficiency) of revenues over expenditures	47,622	(776,332)	(728,710)
OTHER FINANCING SOURCES			
Transfers in	-	816,112	816,112
Total other financing sources	-	816,112	816,112
Net change in fund balances	47,622	39,780	87,402
FUND BALANCES, beginning of year	24,502	791	25,293
FUND BALANCES, end of year	\$ 72,124	\$ 40,571	\$ 112,695

CITY OF POWDER SPRINGS, GEORGIA
POLICE SEIZURE FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines & forfeitures	\$ 5,250	\$ 5,250	\$ 60,625	\$ 55,375
Interest	-	-	14	14
Total revenues	<u>5,250</u>	<u>5,250</u>	<u>60,639</u>	<u>55,389</u>
EXPENDITURES				
Public safety	<u>5,250</u>	<u>15,144</u>	<u>13,017</u>	<u>2,127</u>
Net change in fund balances	-	(9,894)	47,622	57,516
FUND BALANCE, beginning of year	<u>24,502</u>	<u>24,502</u>	<u>24,502</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 24,502</u>	<u>\$ 14,608</u>	<u>\$ 72,124</u>	<u>\$ 57,516</u>

CITY OF POWDER SPRINGS, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 6	\$ 6
Total revenues	-	-	6	6
EXPENDITURES				
Debt service:				
Principal	560,000	605,000	560,000	45,000
Interest	335,265	262,781	216,338	46,443
Total expenditures	895,265	867,781	776,338	91,443
Deficiency of revenues over expenditures	(895,265)	(867,781)	(776,332)	91,449
OTHER FINANCING SOURCES				
Transfers in	(895,265)	867,781	816,112	(51,669)
Total other financing sources	(895,265)	867,781	816,112	(51,669)
Net change in fund balances	-	-	39,780	39,780
FUND BALANCE, beginning of year	791	791	791	-
FUND BALANCE, end of year	\$ 791	\$ 791	\$ 40,571	\$ 39,780

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE YEAR ENDED JUNE 30, 2016

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2006 SPLOST Program:					
Transportation	\$ 13,212,326	\$ 11,966,561	\$ 11,917,480	\$ 48,952	\$ 11,966,432
800 MHz Radios	281,340	266,157	266,157	-	266,157
	<u>\$ 13,493,666</u>	<u>\$ 12,232,718</u>	<u>\$ 12,183,637</u>	<u>\$ 48,952</u>	<u>\$ 12,232,589</u>
2012 SPLOST Program:					
General Street Improvements	\$ 1,629,906	\$ 1,629,906	\$ 224,270	\$ 1,363,257	\$ 1,587,527
Resurfacing	1,677,921	1,427,921	1,067,657	236,612	1,304,269
Bridge Improvements	2,593,000	2,201,000	2,200,167	-	2,200,167
Sidewalk Improvements	1,396,000	1,038,000	656,605	7,643	664,248
Facilities Improvements	1,630,000	2,688,609	2,232,173	407,060	2,639,233
Public Safety Improvements	251,771	193,162	193,162	-	193,162
Powder Springs Park	1,500,000	1,500,000	142,652	270,322	412,974
Total	<u>\$ 10,678,598</u>	<u>\$ 10,678,598</u>	<u>\$ 6,716,686</u>	<u>\$ 2,284,894</u>	<u>\$ 9,001,580</u>
2016 SPLOST Program:					
General Street Improvements	\$ 804,120	\$ 804,120	\$ -	\$ 28,652	\$ 28,652
Resurfacing	6,000,000	6,000,000	-	13,149	13,149
Parks and Recreation Improvements	750,000	750,000	-	29,334	29,334
Streetscapes	1,327,600	1,327,600	-	55,293	55,293
Facilities Improvements	750,000	750,000	-	6,060	6,060
Public Safety Improvements	750,000	750,000	-	119,268	119,268
Intersection Improvements	3,850,000	3,850,000	-	8,668	8,668
Total	<u>\$ 14,231,720</u>	<u>\$ 14,231,720</u>	<u>\$ -</u>	<u>\$ 260,424</u>	<u>\$ 231,772</u>
Non-SPLOST outlays funded with capital lease				<u>\$ 257,664</u>	
Total SPLOST Fund outlays				<u>\$ 2,851,934</u>	

STATISTICAL SECTION

STATISTICAL SECTION

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

Page

Financial Trends..... 68

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

Revenue Capacity 74

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

Debt Capacity 82

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

Demographic and Economic Information 86

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

Operating Information 89

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF POWDER SPRINGS, GEORGIA

**NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)**

	2016	2015	2014 (1)	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Net investment in capital assets	\$ 30,834,381	\$ 28,730,880	\$ 26,057,109	\$ 23,297,545	\$ 19,796,418	\$ 19,063,683	\$ 18,465,318	\$ 17,988,722	\$ 18,252,541	\$ 12,294,054
Restricted	2,191,896	2,501,319	2,109,402	2,651,150	5,281,299	4,053,179	3,427,514	2,538,975	2,805,509	4,620,570
Unrestricted	<u>5,930,220</u>	<u>5,247,724</u>	<u>4,850,088</u>	<u>4,497,623</u>	<u>3,340,628</u>	<u>2,640,321</u>	<u>2,697,837</u>	<u>2,745,527</u>	<u>436,907</u>	<u>2,298,723</u>
Total governmental activities net position	<u>\$ 38,956,497</u>	<u>\$ 36,479,923</u>	<u>\$ 33,016,599</u>	<u>\$ 30,446,318</u>	<u>\$ 28,418,345</u>	<u>\$ 25,757,183</u>	<u>\$ 24,590,669</u>	<u>\$ 23,273,224</u>	<u>\$ 21,494,957</u>	<u>\$ 19,213,347</u>
Business-type activities										
Net investment in capital assets	\$ 5,556,927	\$ 5,264,412	\$ 5,236,028	\$ 5,529,606	\$ 5,676,728	\$ 6,100,821	\$ 6,449,371	\$ 6,461,913	\$ 6,131,289	\$ 6,088,728
Restricted	-	-	-	-	-	-	-	2,276,071	2,213,743	2,963,610
Unrestricted	<u>7,371,928</u>	<u>6,668,373</u>	<u>5,734,790</u>	<u>4,831,985</u>	<u>3,644,991</u>	<u>3,337,765</u>	<u>3,296,448</u>	<u>1,134,459</u>	<u>1,384,761</u>	<u>718,091</u>
Total business-type activities net position	<u>\$ 12,928,855</u>	<u>\$ 11,932,785</u>	<u>\$ 10,970,818</u>	<u>\$ 10,361,591</u>	<u>\$ 9,321,719</u>	<u>\$ 9,438,586</u>	<u>\$ 9,745,819</u>	<u>\$ 9,872,443</u>	<u>\$ 9,729,793</u>	<u>\$ 9,770,429</u>
Primary government										
Net investment in capital assets	\$ 36,391,308	\$ 33,995,292	\$ 31,293,137	\$ 28,827,151	\$ 25,473,146	\$ 25,164,504	\$ 24,914,689	\$ 24,450,635	\$ 24,383,830	\$ 18,382,782
Restricted	2,191,896	2,501,319	2,109,402	2,651,150	5,281,299	4,053,179	3,427,514	4,815,046	5,019,252	7,584,180
Unrestricted	<u>13,302,148</u>	<u>11,916,097</u>	<u>10,584,878</u>	<u>9,329,608</u>	<u>6,985,619</u>	<u>5,978,086</u>	<u>5,994,285</u>	<u>3,879,986</u>	<u>1,821,668</u>	<u>3,016,814</u>
Total primary government net position	<u>\$ 51,885,352</u>	<u>\$ 48,412,708</u>	<u>\$ 43,987,417</u>	<u>\$ 40,807,909</u>	<u>\$ 37,740,064</u>	<u>\$ 35,195,769</u>	<u>\$ 34,336,488</u>	<u>\$ 33,145,667</u>	<u>\$ 31,224,750</u>	<u>\$ 28,983,776</u>

(1) - 2014 balances were restated for the implementation of GASB Statements No. 68 and 71, which were effective July 1, 2014

CITY OF POWDER SPRINGS, GEORGIA

**CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
General government	\$ 1,241,193	\$ 881,610	\$ 900,533	\$ 760,497	\$ 1,113,494	\$ 1,045,622	\$ 1,420,608	\$ 1,294,648	\$ 1,352,686	\$ 280,769
Judicial	241,622	154,306	151,596	428,709	-	-	-	-	-	-
Public safety	3,324,112	2,858,898	2,482,731	3,072,667	2,499,557	2,801,692	3,077,897	3,360,690	3,260,209	3,025,826
Public works	1,950,695	1,499,231	1,742,675	2,055,730	1,228,591	1,871,778	1,611,057	908,492	1,104,408	1,692,422
Community development	757,122	735,300	590,648	485,271	633,252	655,434	785,004	801,439	1,070,261	1,686,974
Culture and recreation	411,631	290,317	408,830	258,969	79,266	218,853	505,801	569,561	629,301	332,015
Health and welfare	-	-	-	-	43,497	71,221	41,658	15,915	13,828	128,352
Interest on long-term debt	169,011	352,974	305,452	336,412	325,017	511,573	386,549	404,935	423,634	295,689
Total governmental activities expenses	<u>8,095,386</u>	<u>6,772,636</u>	<u>6,582,465</u>	<u>7,398,255</u>	<u>5,922,674</u>	<u>7,176,173</u>	<u>7,828,574</u>	<u>7,355,680</u>	<u>7,854,327</u>	<u>7,442,047</u>
Business-type activities:										
Water & Sewer	5,154,505	5,089,822	5,113,633	4,838,532	4,579,748	4,268,528	4,116,665	3,915,500	3,808,935	3,910,989
Solid waste	1,037,995	904,705	977,570	974,543	1,111,782	1,101,621	1,155,465	1,008,274	1,077,369	1,020,067
Stormwater	468,945	415,465	306,187	155,966	-	-	-	-	-	-
Total business-type activities expenses	<u>6,661,445</u>	<u>6,409,992</u>	<u>6,397,390</u>	<u>5,969,041</u>	<u>5,691,530</u>	<u>5,370,149</u>	<u>5,272,130</u>	<u>4,923,774</u>	<u>4,886,304</u>	<u>4,931,056</u>
Total primary government expenses	<u>\$ 14,756,831</u>	<u>\$ 13,182,628</u>	<u>\$ 12,979,855</u>	<u>\$ 13,367,296</u>	<u>\$ 11,614,204</u>	<u>\$ 12,546,322</u>	<u>\$ 13,100,704</u>	<u>\$ 12,279,454</u>	<u>\$ 12,740,631</u>	<u>\$ 12,373,103</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,029,994	\$ 906,669	\$ 218,981	\$ 236,510	\$ 286,222	\$ 332,228	\$ 342,706	\$ 389,740	\$ 478,845	\$ 446,014
Judicial	411,287	288,380	346,764	438,947	-	-	-	-	-	-
Public safety	104,588	76,391	109,080	84,753	383,850	585,064	733,208	644,592	997,195	890,445
Public works	-	-	336,007	345,445	341,509	316,589	300,523	289,420	222,101	222,587
Community development	-	-	46,559	44,705	125,018	142,654	133,811	114,743	289,927	297,314
Culture and recreation	82,599	162,300	62,312	-	29,024	16,942	20,050	18,300	26,095	17,605
Operating grants and contributions	313,340	454,788	331,244	452,090	11,163	45,363	-	-	-	-
Capital grants and contributions	3,279,674	3,128,731	2,817,525	2,700,194	2,576,001	2,133,255	2,211,708	2,146,575	2,623,179	2,804,957
Total governmental activities program revenues	<u>5,221,482</u>	<u>5,017,259</u>	<u>4,268,472</u>	<u>4,302,644</u>	<u>3,752,787</u>	<u>3,572,095</u>	<u>3,742,006</u>	<u>3,603,370</u>	<u>4,637,342</u>	<u>4,678,922</u>
Business-type activities:										
Charges for services:										
Water & Sewer	5,926,231	5,766,750	5,627,573	5,436,361	4,445,915	3,967,475	3,972,066	3,848,595	3,737,144	4,249,043
Solid waste	1,277,369	1,251,714	1,131,910	1,145,663	1,123,017	1,089,226	1,134,707	1,146,104	984,567	919,832
Stormwater	452,213	352,539	352,579	357,708	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	706,780
Total business-type activities program revenues	<u>7,655,813</u>	<u>7,371,003</u>	<u>7,112,062</u>	<u>6,939,732</u>	<u>5,568,932</u>	<u>5,056,701</u>	<u>5,106,773</u>	<u>4,994,699</u>	<u>4,721,711</u>	<u>5,875,655</u>
Total primary government program revenues	<u>\$ 12,877,295</u>	<u>\$ 12,388,262</u>	<u>\$ 11,380,534</u>	<u>\$ 11,242,376</u>	<u>\$ 9,321,719</u>	<u>\$ 8,628,796</u>	<u>\$ 8,848,779</u>	<u>\$ 8,598,069</u>	<u>\$ 9,359,053</u>	<u>\$ 10,554,577</u>

CITY OF POWDER SPRINGS, GEORGIA

**CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net (expense)/revenue										
Governmental activities	\$ (2,873,904)	\$ (1,755,377)	\$ (2,313,993)	\$ (3,095,611)	\$ (2,169,887)	\$ (3,604,078)	\$ (4,086,568)	\$ (3,752,310)	\$ (3,216,985)	\$ (2,763,125)
Business-type activities	994,368	961,011	714,672	970,691	(122,598)	(313,448)	(165,357)	70,925	(164,593)	944,599
Total primary government net (expense) revenue	<u>\$ (1,879,536)</u>	<u>\$ (794,366)</u>	<u>\$ (1,599,321)</u>	<u>\$ (2,124,920)</u>	<u>\$ (2,292,485)</u>	<u>\$ (3,917,526)</u>	<u>\$ (4,251,925)</u>	<u>\$ (3,681,385)</u>	<u>\$ (3,381,578)</u>	<u>\$ (1,818,526)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 3,311,349	\$ 3,200,350	\$ 3,093,482	\$ 2,803,697	\$ 3,006,646	\$ 2,982,111	\$ 3,457,004	\$ 3,416,920	\$ 3,470,331	\$ 3,329,154
Insurance premium taxes	803,212	751,797	719,081	694,492	653,845	671,875	691,986	698,539	682,198	654,003
Excise taxes	241,608	249,618	238,301	244,182	301,161	241,680	249,451	278,121	248,079	226,031
Franchise taxes	721,082	729,939	675,157	760,074	722,554	739,619	705,119	700,127	678,198	664,438
Other taxes	174,617	78,788	355,407	344,639 (1)	-	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	15,493	-	28,830	151,866	8,000	24,625
Operating Grants	-	-	-	-	128,522	131,817	143,736	144,575	-	-
Unrestricted Investment Earnings	9,548	5,588	4,648	7,158	2,828	3,490	51,494	140,429	395,789	617,677
Settlement Proceeds	-	-	-	-	-	-	-	-	16,000	376,750
Miscellaneous	89,062	202,621	25,893	24,820	-	-	-	-	-	-
Transfers	-	-	-	798	-	-	-	-	-	-
Total governmental activities	<u>5,350,478</u>	<u>5,218,701</u>	<u>5,111,969</u>	<u>4,879,860</u>	<u>4,831,049</u>	<u>4,770,592</u>	<u>5,327,620</u>	<u>5,530,577</u>	<u>5,498,595</u>	<u>5,892,678</u>
Business-type activities:										
Unrestricted Investment earnings	1,702	956	802	5,718	2,731	6,215	17,999	71,725	123,957	155,583
Gain on sale of capital assets	-	-	-	6,101	-	-	20,734	-	-	-
Transfers	-	-	-	(798)	-	-	-	-	-	-
Total business-type activities	<u>1,702</u>	<u>956</u>	<u>802</u>	<u>11,021</u>	<u>2,731</u>	<u>6,215</u>	<u>38,733</u>	<u>71,725</u>	<u>123,957</u>	<u>155,583</u>
Total primary government	<u>\$ 5,352,180</u>	<u>\$ 5,219,657</u>	<u>\$ 5,112,771</u>	<u>\$ 4,890,881</u>	<u>\$ 4,833,780</u>	<u>\$ 4,776,807</u>	<u>\$ 5,366,353</u>	<u>\$ 5,602,302</u>	<u>\$ 5,622,552</u>	<u>\$ 6,048,261</u>
Change in Net Position										
Governmental activities	\$ 2,476,574	\$ 3,463,324	\$ 2,797,976	\$ 1,784,249	\$ 2,661,162	\$ 1,166,514	\$ 1,241,052	\$ 1,778,267	\$ 2,281,610	\$ 3,129,553
Business-type activities	996,070	961,967	715,474	981,712	(119,867)	(307,233)	(126,624)	142,650	(40,636)	1,100,182
Total primary government	<u>\$ 3,472,644</u>	<u>\$ 4,425,291</u>	<u>\$ 3,513,450</u>	<u>\$ 2,765,961</u>	<u>\$ 2,541,295</u>	<u>\$ 859,281</u>	<u>\$ 1,114,428</u>	<u>\$ 1,920,917</u>	<u>\$ 2,240,974</u>	<u>\$ 4,229,735</u>

(1) In 2013 the City has reported the occupational taxes as a separate line called other taxes.

CITY OF POWDER SPRINGS, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE LAST TEN YEARS (accrual basis of accounting)

Fiscal Year	Property Tax	Ad Valorem	Insurance Premium	Alcoholic Beverage	Intangible	Franchise	Total
2007	2,970,212	270,310	654,003	226,031	57,805	664,438	4,842,799
2008	3,097,747	274,050	682,198	248,079	49,938	678,198	5,030,210
2009	3,053,036	266,585	698,539	278,121	27,656	700,127	5,024,064
2010	3,257,226	238,734	691,986	249,451	20,547	705,119	5,163,063
2011	2,869,474	289,745	671,875	241,680	15,263	739,619	4,827,656
2012	2,659,592	314,751	653,845	259,376	23,048	722,554	4,633,166
2013	2,581,510	260,683	694,492	244,182	25,139	760,074	4,566,080
2014	2,937,673	202,159	719,081	238,301	25,316	675,156	4,797,686
2015	3,102,941	144,857	751,797	249,618	31,340	729,939	5,010,492
2016	3,253,714	107,784	803,212	241,608	124,468	721,082	5,251,868
Percentage change over 10 years	9.5%	-60.1%	22.8%	6.9%	115.3%	8.5%	8.4%

CITY OF POWDER SPRINGS, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011 (1)	2010	2009	2008	2007
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403,884	\$ 4,138,067	\$ 6,921,670	\$ 9,603,346
Unreserved	-	-	-	-	-	-	2,193,849	1,565,505	(483,776)	1,371,578
Nonspendable	261,093	249,482	250,533	212,744	174,395	317,155	-	-	-	-
Restricted	1,323	190,052	-	-	170,727	149,431	-	-	-	-
Assigned	818,583	700,365	497,932	254,500	5,115	5,317	-	-	-	-
Unassigned	3,634,638	3,851,796	4,513,986	4,136,152	3,448,575	2,718,530	-	-	-	-
Total General Fund	<u>\$ 4,715,637</u>	<u>\$ 4,991,695</u>	<u>\$ 5,262,451</u>	<u>\$ 4,603,396</u>	<u>\$ 3,798,812</u>	<u>\$ 3,190,433</u>	<u>\$ 2,597,733</u>	<u>\$ 5,703,572</u>	<u>\$ 6,437,894</u>	<u>\$ 10,974,924</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,251,628	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
SPLOST Fund	-	-	-	-	-	-	1,423,120	2,447,077	1,048,213	1,868,951
SPLOST 2011 Fund	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	3,162,798	477,959	(5,866)	81,232
Nonspendable	1,128,692	1,169,848	882,428	562,500	-	-	-	-	-	-
Assigned	1,125,497	395,254	-	-	-	-	-	-	-	-
Restricted	2,190,573	2,311,267	1,936,470	2,651,150	5,465,544	4,399,248	-	-	-	-
Total all other governmental funds	<u>\$ 4,444,762</u>	<u>\$ 3,876,369</u>	<u>\$ 2,818,898</u>	<u>\$ 3,213,650</u>	<u>\$ 5,465,544</u>	<u>\$ 4,399,248</u>	<u>\$ 5,837,546</u>	<u>\$ 2,925,036</u>	<u>\$ 1,042,347</u>	<u>\$ 1,950,183</u>

(1) The City adopted GASB 54 Reporting for Fund Balance in fiscal year 2011.

CITY OF POWDER SPRINGS, GEORGIA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes	\$ 5,239,485	\$ 5,001,233	\$ 5,116,613	\$ 4,828,780	\$ 4,633,166	\$ 4,827,656	\$ 5,163,063	\$ 5,024,064	\$ 5,030,210	\$ 4,842,799
Licenses and permits	655,629	546,563	176,870	168,420	426,421	423,361	370,705	406,026	497,912	506,555
Intergovernmental	3,583,014	3,583,519	3,341,900	2,937,235	2,701,083	2,357,274	2,294,309	2,305,178	2,800,920	2,865,656
Fines and forfeitures	443,825	299,037	375,698	444,098	371,840	567,361	648,872	522,914	739,117	625,164
Charges for services	500,927	597,374	433,822	402,314	337,106	307,382	300,523	289,420	222,101	222,587
Interest income	9,548	5,588	5,006	10,100	7,283	12,769	51,494	140,429	395,789	617,677
Miscellaneous	89,062	50,233	165,794	163,144	90,437	89,664	215,709	234,553	448,415	372,162
Total revenues	10,521,490	10,083,547	9,615,703	8,954,091	8,567,336	8,585,467	9,044,675	8,922,584	10,134,464	10,052,600
Expenditures										
General government	883,035	803,433	702,491	582,917	758,824	809,992	974,018	1,153,712	1,342,324	985,663
Judicial	192,925	145,070	147,080	435,750	-	-	-	-	-	-
Public safety	3,314,595	2,930,581	2,426,416	2,907,462	2,469,425	2,526,163	2,947,027	3,054,098	3,134,967	2,969,629
Public works	2,632,913	2,137,294	3,014,287	2,314,446	580,883	892,172	929,855	1,060,445	1,235,659	983,664
Community development	725,680	719,860	567,966	595,807	620,910	640,822	692,356	788,566	1,014,954	934,299
Culture and recreation	153,103	134,372	246,712	159,354	79,266	90,956	86,028	93,237	1,643,149	1,416,553
Health and welfare	-	-	-	-	43,497	55,095	21,319	15,110	358,615	131,796
Capital outlay	1,798,729	1,811,370	1,463,530	2,942,810	1,530,733	3,518,574	2,723,606	821,941	6,281,507	4,236,881
Debt service										
Principal retirements	584,914	515,000	475,000	455,000	476,553	530,802	582,469	595,459	397,403	344,334
Interest and fiscal charges and cost of issuance	218,174	328,086	313,332	343,872	348,063	366,489	386,549	404,935	415,747	389,652
Total expenditures	10,504,068	9,525,066	9,356,814	10,737,418	6,908,154	9,431,065	9,343,227	7,987,503	15,824,325	12,392,471
Excess (deficiency) of revenues over expenditures	17,422	558,481	258,889	(1,783,327)	1,659,182	(845,598)	(298,552)	935,081	(5,689,861)	(2,339,871)
Other financing sources (uses)										
Issuance of long-term debt	257,664	3,335,000	-	-	-	-	-	61,420	220,995	4,940,428
Proceeds from sale of capital assets	17,249	152,388	5,414	146,898	15,493	-	28,830	151,866	8,000	24,625
Settlement Proceeds	-	-	-	-	-	-	-	-	16,000	376,750
Payment to refunding bond escrow agent	-	(3,259,154)	-	-	-	-	-	-	-	-
Transfers in	1,509,412	1,767,220	1,227,302	1,041,151	-	-	4,227,694	930,662	6,834,756	3,498,657
Transfers out	(1,509,412)	(1,767,220)	(1,227,302)	(1,040,353)	-	-	(4,227,694)	(930,662)	(6,834,756)	(3,498,657)
Total other financing sources (uses)	274,913	228,234	5,414	147,696	15,493	-	28,830	213,286	244,995	5,341,803
Net change in fund balances	\$ 292,335	\$ 786,715	\$ 264,303	\$ (1,635,631)	\$ 1,674,675	\$ (845,598)	\$ (269,722)	\$ 1,148,367	\$ (5,444,866)	\$ 3,001,932
Debt service as a percentage of noncapital expenditures	11.7%	14.4%	20.0%	12.1%	15.3%	15.2%	14.6%	14.0%	8.5%	9.0%

CITY OF POWDER SPRINGS, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN YEARS

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Other Property (1)</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2007	290,503,809	85,894,537	6,966,918	36,326,605	2,255,120	417,436,749	8.500	1,043,591,873	40.00%
2008	310,005,150	92,015,239	6,472,704	38,446,302	1,850,532	445,088,863	8.500	1,112,722,158	40.00%
2009	320,621,864	105,067,948	7,984,989	38,452,367	1,667,042	470,460,126	8.500	1,176,150,315	40.00%
2010	315,044,514	103,267,839	7,587,030	40,176,132	3,542,181	462,533,334	8.500	1,156,333,335	40.00%
2011	251,879,253	99,113,782	7,319,072	34,141,569	3,024,103	389,429,573	8.500	973,573,933	40.00%
2012	228,758,892	91,789,641	7,153,550	33,963,415	3,044,034	358,621,464	8.500	896,553,660	40.00%
2013	193,035,041	97,654,149	6,579,762	33,982,178	6,764,956	324,486,174	8.500	811,215,435	40.00%
2014	185,387,966	100,020,754	6,339,141	36,385,060	12,540,943	315,591,978	8.500	788,979,945	40.00%
2015	205,395,323	100,319,231	6,236,947	33,113,218	23,397,864	321,666,855	8.500	804,167,138	40.00%
2016	236,181,400	95,825,169	5,698,954	25,796,959	17,595,379	345,907,103	8.500	864,767,758	40.00%

Source: Cobb County, Georgia Tax Assessors Office

Note: Property in the City is reassessed periodically. Property is assessed at 40% of the fair market value; therefore, the assessed values are equal to 40% of the estimated actual value. Tax rates are per \$1,000 of assessed value.

(1) Other property consists of historic, agricultural, conservation use, utility, motor vehicle and mobile homes.

CITY OF POWDER SPRINGS, GEORGIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING¹ GOVERNMENTS (Per \$1,000 of Assessed Value) LAST TEN YEARS

Fiscal Year	City Direct Rate (1)	Overlapping Rates			Total Direct & Overlapping Rates
		County	School District	State	
2007	8.500	9.720	19.900	0.25	38.370
2008	8.500	9.720	19.900	0.25	38.370
2009	8.500	9.600	18.900	0.25	37.250
2010	8.500	9.600	18.900	0.25	37.250
2011	8.500	11.110	18.900	0.25	38.760
2012	8.500	11.110	18.900	0.25	38.760
2013	8.500	11.110	18.900	0.20	38.710
2014	8.500	10.910	18.900	0.20	38.510
2015	8.500	10.710	18.900	0.10	38.210
2016	8.500	9.850	18.900	-	37.250

Source: Cobb County Tax Commissioner's Office

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Powder Springs.

(1) The City does not levy a debt service millage rate and thus the full 8.5 is maintenance and operation.

CITY OF POWDER SPRINGS, GEORGIA

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

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Powder Springs Macland Retail LLC \$	4,513,160	1	1.305 %	\$	-	%
HD Development of Maryland Inc.	4,001,296	2	1.157		-	
Powder Springs Abbingdon Trail LP	2,672,480	3	0.773		-	
Kroger Company	2,378,528	4	0.688	3,399,706	3	0.814
Foster W M	1,880,000	5	0.543	2,736,652	4	0.656
Home Depot #6940	1,853,470	6	0.536		-	
Weingarten Realty Investors	1,821,480	7	0.527		-	
Hussman Services Corporation	1,567,517	8	0.453		-	
MM&A LLC	1,422,800	9	0.411		-	
N D S INC	1,295,422	10	0.374		-	
Sembler Family Partnership	-		-	4,362,040	1	1.045
3380 Florence Road LLC	-		-	3,879,000	2	0.929
Brownsville Commons, LLC	-		-	2,038,320	5	0.488
McNeel Builders, Inc.	-		-	1,726,522	6	0.414
Winn Dixie	-		-	1,474,920	7	0.353
Visions 278, LLC	-		-	1,393,112	8	0.334
Standex Air Distribution Products	-		-	1,366,680	9	0.327
Walgreens	-		-	1,326,361	10	0.318
Total Principal Taxpayers	23,406,153		6.767	23,703,313		5.678
All Other Taxpayers	322,500,950		93.233	393,733,436		94.32
	<u>\$ 345,907,103</u>		<u>100.000 %</u>	<u>\$ 417,436,749</u>		<u>100.000 %</u>

Source: City of Powder Springs Finance Department

CITY OF POWDER SPRINGS, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	(1) Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	2,887,406	2,786,661	96.51	83,317	2,869,978	99.40
2008	3,056,073	2,971,048	97.22	70,112	3,041,160	99.51
2009	3,283,867	3,146,542	95.82	120,003	3,266,545	99.47
2010	3,221,287	2,932,944	91.05	265,635	3,198,579	99.30
2011	2,910,203	2,599,174	89.31	291,881	2,891,055	99.34
2012	2,615,610	2,405,060	91.95	191,122	2,596,182	99.26
2013	2,333,938	2,286,170	97.95	28,242	2,314,412	99.16
2014	2,329,591	2,257,954	96.92	47,944	2,305,898	98.98
2015	2,466,123	2,379,309	96.48	36,444	2,415,753	97.96
2016	2,781,702	2,682,434	96.43	-	2,682,434	96.43

Source: City of Powder Springs Finance Department

(1) Includes assessment adjustments

CITY OF POWDER SPRINGS, GEORGIA

WATER AND SEWER RATES LAST TEN FISCAL YEARS

Fiscal Year	Water					
	Inside City Limits			Outside City Limits		
	(1) Base Rate	Gallons	Usage Rate	(1) Base Rate	Gallons	Usage Rate
2007	7.09		3.58	12.34		3.65
2008	8.20	2,001-6,000	4.10	13.38	2,001-6,000	4.17
	8.20	6,001-15,000	5.13	13.38	6,001-15,000	5.21
	8.20	>15,001	6.15	13.38	>15,001	6.26
2009	8.20	2,001-6,000	4.10	12.86	2,001-6,000	4.16
	8.20	6,001-15,000	5.13	12.86	6,001-15,000	5.20
	8.20	>15,001	6.15	12.86	>15,001	6.26
2010	8.62	2,001-6,000	4.31	13.28	2,001-6,000	4.37
	8.62	6,001-15,000	5.34	13.28	6,001-15,000	5.41
	8.62	>15,001	6.36	13.28	>15,001	6.47
2011	9.30	2,001-6,000	4.65	13.58	2,001-6,000	4.70
	9.30	6,001-15,000	5.76	13.58	6,001-15,000	5.83
	9.30	>15,001	6.86	13.58	>15,001	6.96
2012	7.16	0-2,000	4.50	7.16	0-2,000	4.50
	7.16	2,001-5,000	4.75	7.16	2,001-5,000	4.75
	7.16	5,001-10,000	5.00	7.16	5,001-10,000	5.00
	7.16	10,001-20,000	5.25	7.16	10,001-20,000	5.25
	7.16	20,001-50,000	5.50	7.16	20,001-50,000	5.50
2013	7.16	>50,001	5.75	7.16	>50,001	5.75
	7.16	0-2,000	4.77	7.16	0-2,000	4.77
	7.16	2,001-5,000	5.04	7.16	2,001-5,000	5.04
	7.16	5,001-10,000	5.30	7.16	5,001-10,000	5.30
	7.16	10,001-20,000	5.57	7.16	10,001-20,000	5.57
2014	7.16	20,001-50,000	5.83	7.16	20,001-50,000	5.83
	7.16	>50,001	6.10	7.16	>50,001	6.10
	7.16	0-2,000	4.96	7.16	0-2,000	4.96
	7.16	2,001-5,000	5.24	7.16	2,001-5,000	5.24
	7.16	5,001-10,000	5.51	7.16	5,001-10,000	5.51
2015	7.16	10,001-20,000	5.79	7.16	10,001-20,000	5.79
	7.16	20,001-50,000	6.06	7.16	20,001-50,000	6.06
	7.16	>50,001	6.34	7.16	>50,001	6.34
	7.16	0>2000	5.16	7.16	0>2000	5.16
	7.16	2001>5000	5.45	7.16	2001>5000	5.45
2016	7.16	5001>10000	5.73	7.16	5001>10000	5.73
	7.16	10001>20000	6.02	7.16	10001>20000	6.02
	7.16	20001>50000	6.30	7.16	20001>50000	6.30
	7.16	>50000	6.59	7.16	>50000	6.59
	7.16	0>2000	5.37	7.16	0>2000	5.37
	7.16	2001>5000	5.67	7.16	2001>5000	5.67
	7.16	5001>10000	5.96	7.16	5001>10000	5.96
	7.16	10001>20000	6.26	7.16	10001>20000	6.26
	7.16	20001>50000	6.55	7.16	20001>50000	6.55
	7.16	>50000	6.85	7.16	>50000	6.85

(Continued)

CITY OF POWDER SPRINGS, GEORGIA

WATER AND SEWER RATES LAST TEN FISCAL YEARS

Fiscal Year	Sewer					
	Inside City Limits			Outside City Limits		
	(1) Base Rate	Gallons	(2) Usage Rate	(1) Base Rate	Gallons	(2) Usage Rate
2007	9.80		4.97	10.71		5.43
2008	10.84		5.42	11.80		5.90
2009	10.84		5.42	11.70		5.85
2010	11.14		5.57	12.00		6.00
2011	11.58		5.79	12.34		6.17
2012	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2013	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2014	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2015	7.44	0>2000	6.53	7.44	0>2000	6.53
	7.44	2001>5000	6.89	7.44	2001>5000	6.89
	7.44	>5001	7.25	7.44	>5001	7.25
2016	7.44	0>2000	6.53	7.44	0>2000	6.53
	7.44	2001>5000	6.89	7.44	2001>5000	6.89
	7.44	>5001	7.25	7.44	>5001	7.25

- Notes (1) 0 - 2,000 gallons is the first tier rate and no longer part of the minimum base rate.
 (2) Rate per each additional 1,000 gallons
 * Graduated rate schedule implemented in 2008
 (3) Rates are equalized for Inside and Outside City Limits
 (4) ERU's are charged for Non-residential accounts. Residential accounts are charged for 1/ea ERU

Source: City utility billing office.

CITY OF POWDER SPRINGS, GEORGIA

WATER CONSUMED
LAST TEN FISCAL YEARS

Fiscal Year	Gallons of Water Consumed	Graduated Rate * Gallons	Total Direct Rate							
			Inside City Limits				Outside City Limits			
			(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
			Water		Sewer		Water		Sewer	
			Base Rate	Usage Rate	Base Rate	Usage Rate	Base Rate	Usage Rate	Base Rate	Usage Rate
2007	452,627,952		7.09	3.58	9.80	4.97	12.34	3.65	10.71	5.43
2008	345,214,885	<2,000	8.20		10.84		13.38		11.80	
		2,001-6,000	8.20	4.10	10.84	5.42	13.38	4.17	11.80	5.90
		6,001-15,000	8.20	5.13	10.84	5.42	13.38	5.21	11.80	5.90
		>15,001	8.20	6.15	10.84	5.42	13.38	6.26	11.80	5.90
2009	364,975,200	<2,000	8.20		10.84		12.86		11.70	
		2,001-6,000	8.20	4.10	10.84	5.42	12.86	4.16	11.70	5.85
		6,001-15,000	8.20	5.13	10.84	5.42	12.86	5.20	11.70	5.85
		>15,001	8.20	6.15	10.84	5.42	12.86	6.26	11.70	5.85
2010	17,182,150	<2,000	8.62		11.14		13.28		12.00	
	162,721,496	2,001-6,000	8.62	4.31	11.14	5.57	13.28	4.37	12.00	6.00
	132,938,112	6,001-15,000	8.62	5.34	11.14	5.57	13.28	5.41	12.00	6.00
	62,584,100	>15,001	8.62	6.36	11.14	5.57	13.28	6.47	12.00	6.00
2011	6,151,512	<2,000	9.30		11.58		13.58		12.34	
	94,536,626	2,001-6,000	9.30	4.65	11.58	5.79	13.58	4.70	12.34	6.17
	61,254,344	6,001-15,000	9.30	5.76	11.58	5.79	13.58	5.83	12.34	6.17
	235,189,514	>15,001	9.30	6.36	11.58	5.79	13.58	6.96	12.34	6.17
2012	111,272	<2,000	9.30		11.58		13.58		12.34	
Jul - Mar	746,490	2,001-6,000	9.30	4.65	11.58	5.79	13.58	4.70	12.34	6.17
	6,384,801	6,001-15,000	9.30	5.76	11.58	5.79	13.58	5.83	12.34	6.17
	263,032,184	>15,000	9.30	6.86	11.58	5.79	13.58	6.96	12.34	6.17
2012	205,597	<2,000	7.16	4.50	7.44	6.53	7.16	4.50	7.44	6.53
Apr - Jun	2,000,605	2,001-5,000	7.16	4.75	7.44	6.89	7.16	4.75	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.00	7.44	7.25	7.16	5.00	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.25	7.44	7.25	7.16	5.25	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.50	7.44	7.25	7.16	5.50	7.44	7.25
	14,563,753	>50,001	7.16	5.75	7.44	7.25	7.16	5.75	7.44	7.25
2013	205,597	0-2,000	7.16	4.50	7.44	6.53	7.16	4.50	7.44	6.53
July-Dec	2,000,605	2,001-5,000	7.16	4.75	7.44	6.89	7.16	4.75	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.00	7.44	7.25	7.16	5.00	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.25	7.44	7.25	7.16	5.25	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.50	7.44	7.25	7.16	5.50	7.44	7.25
	14,563,753	>50,001	7.16	5.75	7.44	7.25	7.16	5.75	7.44	7.25
2013	205,597	0-2,000	7.16	4.77	7.44	6.53	7.16	4.77	7.44	6.53
Jan-June	2,000,605	2,001-5,000	7.16	5.04	7.44	6.89	7.16	5.04	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.30	7.44	7.25	7.16	5.30	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.57	7.44	7.25	7.16	5.57	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.83	7.44	7.25	7.16	5.83	7.44	7.25
	14,563,753	>50,001	7.16	6.10	7.44	7.25	7.16	6.10	7.44	7.25
2014	12,359,769	0-2,000	7.16	4.77	7.44	6.53	7.16	4.77	7.44	6.53
July-Dec	10,507,471	2,001-5,000	7.16	5.04	7.44	6.89	7.16	5.04	7.44	6.89
	10,305,859	5,001-10,000	7.16	5.30	7.44	7.25	7.16	5.30	7.44	7.25
	19,083,779	10,001-20,000	7.16	5.57	7.44	7.25	7.16	5.57	7.44	7.25
	59,018,435	20,001-50,000	7.16	5.83	7.44	7.25	7.16	5.83	7.44	7.25
	61,739,867	>50,001	7.16	6.10	7.44	7.25	7.16	6.10	7.44	7.25
2014	12,573,910	0-2,000	7.16	4.96	7.44	6.53	7.16	4.96	7.44	6.53
Jan-June	10,867,240	2,001-5,000	7.16	5.24	7.44	6.89	7.16	5.24	7.44	6.89
	10,110,046	5,001-10,000	7.16	5.51	7.44	7.25	7.16	5.51	7.44	7.25
	16,249,292	10,001-20,000	7.16	5.79	7.44	7.25	7.16	5.79	7.44	7.25
	46,580,445	20,001-50,000	7.16	6.06	7.44	7.25	7.16	6.06	7.44	7.25
	50,912,049	>50,001	7.16	6.34	7.44	7.25	7.16	6.34	7.44	7.25
2014	4,777,202	0-2,000	7.16	4.96	7.44	6.53	7.16	4.96	7.44	6.53
July-Dec	7,373,112	2001-5000	7.16	5.24	7.44	6.89	7.16	5.24	7.44	6.89
	22,534,424	5001-10000	7.16	5.51	7.44	7.25	7.16	5.51	7.44	7.25
	14,974,472	10001-20000	7.16	5.79	7.44	7.25	7.16	5.79	7.44	7.25
	55,311,882	20001-50000	7.16	6.06	7.44	7.25	7.16	6.06	7.44	7.25
	66,821,261	>50000	7.16	6.34	7.44	7.25	7.16	6.34	7.44	7.25
2015	11,952,646	0-2,000	7.16	5.16	7.44	6.53	7.16	5.16	7.44	6.53
Jan-June	7,767,259	2001-5000	7.16	5.45	7.44	6.89	7.16	5.45	7.44	6.89
	10,623,670	5001-10000	7.16	5.73	7.44	7.25	7.16	5.73	7.44	7.25
	16,522,625	10001-20000	7.16	6.02	7.44	7.25	7.16	6.02	7.44	7.25
	46,952,628	20001-50000	7.16	6.30	7.44	7.25	7.16	6.30	7.44	7.25
	50,766,804	>50000	7.16	6.59	7.44	7.25	7.16	6.59	7.44	7.25
2015	68,333,988	0-2,000	7.16	5.37	7.44	6.53	7.16	5.37	7.44	6.53
July-Dec	63,260,254	2001-5000	7.16	5.67	7.44	6.89	7.16	5.67	7.44	6.89
	27,310,712	5001-10000	7.16	5.96	7.44	7.25	7.16	5.96	7.44	7.25
	10,665,635	10001-20000	7.16	6.26	7.44	7.25	7.16	6.26	7.44	7.25
	8,495,213	20001-50000	7.16	6.55	7.44	7.25	7.16	6.55	7.44	7.25
	32,680,470	>50000	7.16	6.85	7.44	7.25	7.16	6.85	7.44	7.25
2016	69,575,508	0-2,000	7.16	5.37	7.44	6.53	7.16	5.37	7.44	6.53
Jan-June	62,866,525	2001-5000	7.16	5.67	7.44	6.89	7.16	5.67	7.44	6.89
	26,000,484	5001-10000	7.16	5.96	7.44	7.25	7.16	5.96	7.44	7.25
	8,653,735	10001-20000	7.16	6.26	7.44	7.25	7.16	6.26	7.44	7.25
	7,075,860	20001-50000	7.16	6.55	7.44	7.25	7.16	6.55	7.44	7.25
	16,959,607	>50000	7.16	6.85	7.44	7.25	7.16	6.85	7.44	7.25

Note: (1) Base rate is applied for any consumption less than 2,000 gallons.

(2) Usage rates are billed per 1,000 gallon for each tier.

The City implemented graduated tier rate system in 2008.

Source: City utility billing office.

CITY OF POWDER SPRINGS, GEORGIA

WATER SOLD BY TYPE OF CUSTOMER LAST TEN FISCAL YEARS

(in millions of gallons)

Fiscal Year	Residential		Commercial		Total Consumption in Gallons	Annual Percentage Change
	Gallons	Percentage	Gallons	Percentage		
2007	413.8	91.4%	38.9	8.6%	452.7	4.91%
2008	362.3	91.2%	35.1	8.8%	397.4	-12.22%
2009	322.2	88.3%	42.7	11.7%	364.9	-8.18%
2010	328.8	87.6%	46.6	12.4%	375.4	2.88%
2011	342.1	86.2%	54.9	13.8%	397.0	5.75%
2012	316.5	87.1%	47.0	12.9%	363.5	-8.44%
2013	302.1	86.1%	48.8	13.9%	350.9	-3.47%
2014	320.1	86.6%	49.5	13.4%	369.6	5.33%
2015	316.4	84.1%	59.8	15.9%	376.2	1.79%
2016	338.6	84.8%	60.8	15.2%	399.4	6.17%

Source: City utility billing office

CITY OF POWDER SPRINGS, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN YEARS

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds (2)	Capital Leases	Intergovern- mental Contracts	Revenue Bonds	Capital Leases	Intergovern- mental Contracts			
2007	10,132,654	-	-	970,000	285,068	-	12,552,856	4.16	1,005.8
2008	10,016,157	-	121,388	655,000	186,036	-	12,094,099	4.00	969.0
2009	9,516,800	-	86,706	330,000	273,416	-	11,267,379	3.73	902.8
2010	8,969,014	-	52,024	-	160,049	-	10,181,077	2.81	730.4
2011	8,472,895	-	17,342	-	76,761	-	9,508,670	2.62	682.1
2012	8,015,000	-	-	-	24,134	-	8,920,775	2.46	639.9
2013	7,560,000	-	-	-	2,625	65,059	8,385,148	2.31	601.5
2014	7,085,000	-	-	-	-	58,046	7,841,854	2.16	562.5
2015	6,850,000	-	-	-	-	55,251	7,543,023	2.08	541.1
2016	6,290,000	232,750	-	-	-	-	7,097,078	1.96	509.1

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) The calculation for Percentage of Personal Income and Per Capita is based on the most recent data available from the Demographic and Economic Statistics table (ie. 2014 Total Primary Government Debt is divided by 2010 Census data).

(2) The Revenue Bonds are issued by the Downtown Development Authority, a blended component unit of the City of Powder Springs.

CITY OF POWDER SPRINGS, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Cobb County General Obligation Debt (including Tax Anticipation Notes)	\$ 10,490,000	1.50%	\$ 157,350
Other debt			
Cobb County Parking Debt Certificates	8,850,000	1.50%	132,750
Cobb-Marietta Coliseum and Exhibit Hall Authority	6,070,000	1.50%	91,050
Cobb County Revenue Anticipation Certificates	439,285,000	1.50%	6,589,275
Subtotal overlapping debt	<u>464,695,000</u>		<u>6,970,425</u>
City debt			<u>6,290,000</u>
Total direct and overlapping debt			<u>\$ 13,260,425</u>

Source: Assessed value data used to estimate applicable percentages and debt outstanding obtained from Cobb County's Board of Equalization and Assessment. Debt outstanding data provided by each governmental unit.

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. 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 City's boundaries and dividing it by the County's total taxable assessed value.

CITY OF POWDER SPRINGS, GEORGIA

LEGAL DEBT MARGIN LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed value	\$ 417,436,749	\$ 445,088,863	\$ 470,460,126	\$ 462,533,334	\$ 389,429,573	\$ 358,621,464	\$ 324,486,174	\$ 315,591,978	\$ 321,666,855	\$ 345,907,103
Legal Debt Margin										
Debt Limit (10% of assessed value)	41,743,675	44,508,886	47,046,013	46,253,333	38,942,957	35,862,146	32,448,617	31,559,198	32,166,686	34,590,710
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 41,743,675</u>	<u>\$ 44,508,886</u>	<u>\$ 47,046,013</u>	<u>\$ 46,253,333</u>	<u>\$ 38,942,957</u>	<u>\$ 35,862,146</u>	<u>\$ 32,448,617</u>	<u>\$ 31,559,198</u>	<u>\$ 32,166,686</u>	<u>\$ 34,590,710</u>
As a percentage of debt limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: Under Article 9, Section 5, Paragraph 1 of the State of Georgia Constitution, the City's outstanding general obligation debt should not exceed 10% of the assessed value of taxable property within the City.
Source: Tax digest provided by the Cobb County Tax Commissioner's Office.

CITY OF POWDER SPRINGS, GEORGIA

PLEDGED-REVENUE COVERAGE LAST TEN FISCAL YEARS

Water Revenue Bonds						
Fiscal Year	1	2	Net Available Revenue	Debt Service		Coverage
	Utility Service Charges	Less Operating Expenses		Principal	Interest	
2007	\$ 4,389,895	\$ 3,234,689	\$ 1,155,206	\$ 315,000	\$ 27,645	337%
2008	3,845,512	3,097,858	747,654	325,000	18,667	218%
2009	3,910,804	3,212,562	698,242	330,000	9,404	206%
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-

Notes 1 - Includes interest income
 2 - Excludes depreciation expense

The final payment on the City's water revenue bonds was made in fiscal year 2010.

CITY OF POWDER SPRINGS, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
JUNE 30, 2016

<u>Year</u>	<u>Population</u>	<u>Personal Income* (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
1950	619	\$ -	\$ -	N/A	N/A %
1960	746	1,802	2,416	N/A	N/A
1970	2,559	7,332	2,865	25.4	N/A
1980	3,381	23,143	6,845	29.5	N/A
1990	6,893	104,401	15,146	29.5	1.9
2000	12,481	302,040	24,200	32.0	2.9
2010	13,940	362,607	26,012	36.2	10.2

Source: U.S. Census Bureau and the GA Department of Labor

N/A - information is not readily available

CITY OF POWDER SPRINGS, GEORGIA

PRINCIPAL EMPLOYERS CURRENT AND NINE YEARS AGO

Employer	2016			2007		
	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (1)	Rank	Percentage of Total City Employment
PS Transitional Care & Rehab ²	230	1	7.1 %			- %
Hussman Services Corp	180	2	5.6			-
Kroger	131	3	4.1	152	2	2.0
Publix Supermarkets	85	4	2.6	95	7	1.2
The Home Depot	114	5	3.5	87	8	1.1
Powder Springs Elementary	103	6	3.2	125	3	1.6
Compton Elementary	98	7	3.0	100	6	1.3
Tapp Middle School	86	8	2.7	105	5	1.4
City of Powder Springs	84	9	2.6	118	4	1.5
Mid South Floor Systems Inc	73	10	2.3			-
Brian Center Nursing Care				265	1	3.4
Alco Manufacturing				79	9	1.0
Star Acquisitions				76	10	1.0
Top ten total	<u>1,184</u>		<u>36.7 %</u>	<u>1,202</u>		<u>15.57 %</u>
Other employers	2,041		63.3 %	6,519		84.43 %
Total employees (3)	<u><u>3,225</u></u>		<u><u>100.0 %</u></u>	<u><u>7,721</u></u>		<u><u>100.00 %</u></u>

Source: City Department of Economic Development

Notes: 1 - Full-time equivalent employees

2 - Formally known as Brian Center Nursing Care

3 - Estimated

4 - Other employees are those holding OTC/license, less private employers shown above.

CITY OF POWDER SPRINGS, GEORGIA
FULL TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function / Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General administration										
Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Mayor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Elections	1.0	-	-	-	-	-	-	-	-	-
Administration	75.0	7.5	7.5	7.5	8.0	6.3	7.3	8.3	8.3	8.0
Information technology	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Purchasing	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Municipal court	2.0	3.0	3.0	3.0	2.0	2.0	1.0	1.0	1.0	2.0
Total general administration	86.0	18.5	18.5	18.5	18.0	15.3	14.3	15.3	15.3	16.0
Health and welfare										
Senior center	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Culture and recreation										
Museum	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Housing and development										
Building inspections	2.0	2.0	1.0	0.5	0.5	0.5	-	-	-	-
Community development	8.0	8.0	6.0	5.0	5.0	5.0	4.0	4.0	3.0	4.0
Economic development	-	-	-	-	-	-	-	1.0	1.0	1.0
Code enforcement	3.0	3.0	2.0	2.0	2.0	2.0	-	-	-	-
Total housing and development	13.0	13.0	9.0	7.5	7.5	7.5	4.0	5.0	4.0	5.0
Public safety										
Police	51.0	48.5	39.5	41.5	36.0	33.0	29.0	31.0	30.0	32.0
Public works										
Streets	6.0	6.0	5.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0
Water & sewer										
Water	11.0	12.0	11.0	11.0	11.0	11.8	11.7	11.7	11.7	13.0
Sewer	5.0	6.0	4.0	5.0	5.0	5.0	6.0	6.0	6.0	5.0
Total water & sewer	16.0	18.0	15.0	16.0	16.0	16.8	17.7	17.7	17.7	18.0
Sanitation	13.0	14.0	14.0	11.0	11.0	9.0	9.0	7.0	8.0	8.0
Stormwater	-	-	-	-	-	-	-	1.0	1.0	1.0
Total	186.0	119.0	102.0	99.5	92.5	85.6	78.0	81.0	80.0	84.0

Source: City Finance Office

CITY OF POWDER SPRINGS, GEORGIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Building permits issued	211	173	249	517	251	309	315	294	372	396
Police										
Physical arrests	810	882	495	437	317	372	411	384	423	756
Citations issued	8,811	8,592	8,313	7,563	5,878	4,325	4,626	3,088	3,432	5,927
Refuse collection										
Refuse collected (tons per day)	35.00	35.00	42.00	42.00	28.00	24.61	24.06	23.86	23.95	24.81
Water										
Average daily consumption	1,270,000	1,088,940	999,932	900,780	1,088,033	1,083,254	1,071,012	1,112,069	1,030,657	924,810

N/A - information not available

Source - City Community Development Department, Police Department, Sanitation Department, Utility Billing Department.

CITY OF POWDER SPRINGS, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	14	14	14	17	17	21	28
Refuse collection										
Collection trucks	5	4	4	4	4	4	3	3	3	3
Other public works										
Streets (miles)	61	61	61	62	85	85	87	87	87	87
Streetlights	2,000	2,000	2,000	2,112	2,112	2,112	2,112	2,112	2,112	2,112
Water										
Water mains (miles)	70	70	70	70	70	70	70	70	70	153
Wastewater										
Sanitary sewers (miles)	70	70	70	70	70	70	70	70	70	82

N/A - Information not available

Source: City Police Department, Sanitation Department, Public Works Department, Water & Sewer Department

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Honorable Mayor and Members
of City Council
City of Powder Springs, 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, each major fund, and the aggregate remaining fund information of the City of Powder Springs, Georgia ("the City") as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2016.

Internal Control over Financial Reporting

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

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 described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses, as item 2016-001, to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses, as item 2016-002, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Powder Springs' Responses to Findings

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 15, 2016

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

☒ yes ☐ no

Significant deficiencies identified?

☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

There was not an audit of major federal award programs for the year ended June 30, 2016 due to the total amount expended being less than \$750,000.

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2016-001 Expenditure Recognition

Criteria: Generally, expenditures/expenses should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows in accordance with generally accepted accounting principles. Additionally, the related uses of the proceeds should be reported as capital outlay expenditures.

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

Context/Cause: Adjustments were required to correct the expenditures being recognized in the following funds:

- In the SPLOST Fund, an adjustment was required to record the capital outlay expenditures and the related capital lease financing sources for a new equipment which the City purchased through a capital lease. The total adjustment to record the understated expenditures was approximately \$258,000.
- In the Downtown Development Authority (the "DDA"), an adjustment of approximately \$40,000 was required to reduce the fund level expenditures being recognized for the interest paid during the year. The DDA overpaid the required interest payment for the partially refunded bonds, and rather than reporting expenditures for the overpayment, an adjustment was required to report the receivable for the amount which was subsequently refunded by the creditor.

Effects: Audit adjustments totaling approximately \$298,000 were needed to correct the City's fund level expenditures.

Recommendation: We recommend the City ensure all expenditures are properly reported in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding and are currently implementing controls to ensure these year-end adjustments are considered and reflected in the general ledger, as appropriate.

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-002 Revenue Recognition

Criteria: Internal controls should be in place to ensure that all long-term liability related transactions are appropriately reported in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the City's fund level reporting revenues and the related allowance accounts.

Context/Cause: During our testing of the City's General Fund court activity, we noted the year-end adjustments recorded by management were made to report the ending balances required for the allowance and unavailable revenues for the court receivables, however, the entries did not adjust or remove the prior year balances, thus overstating the allowance and unavailable revenues and understating the fines revenues.

Effects: Total misstatements to the fund level was approximately \$63,000.

Recommendation: We recommend the City review all year-end closing entries to ensure not only is the manual journal entry properly calculated and posted, but that the ending balance in the general ledger yields the desired balance. The general ledger should be reconciled to the subsidiary ledgers, subsequent to the posting of the manual entries.

Auditee's Response: We will take necessary steps in the future to ensure that future year-end adjustments are both reviewed prior to the posting as well as subsequent to being posted to ensure the desired effect has occurred.