

Summary

FY 2016 Comprehensive Annual Financial Report

FY 2016 Financial Highlights

- Total Net Assets increased \$3.5 million over 2015
 - Of this amount, \$13,232,147 is unrestricted
- Combined Revenue totaled \$18.2 million
- Overall expenses totaled \$14.8 million
- Governmental activities - net assets increased by \$2.5 million; with ending unassigned fund balance in the General Fund totaling \$3.6 million

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position.

- The City's combined net assets (government and business-type activities) totaled \$51,805,352 at June 30, 2016.
- The City's investment in capital assets (such as land, buildings, equipment and infrastructure, roads, bridges, sewers, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding comprising 70% of the City's total net assets.
- Revolving funds and other net assets, net of related debt increased by \$2,498,017 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.

Governmental Activity Revenues

Governmental activities increased by \$3,000,000, primarily attributed to a increase in programming revenue, such as:

- Charges for Services of \$194,728 (over prior year revenue). The charges for services include fees for services such as building permits, facility rentals and municipal court fees.
- Increased property tax revenue of \$110,999.

It provided \$5,251,069 or 49.7% of governmental revenue, while charges for services provided \$1,829,468 or 15% of operating revenues. As such, the City's purchases and purchases of City services fund 65% of governmental operating activity.

As a result, the condition of the fiscal economy and the economy's impact on local businesses has a major effect on the City's revenue streams.



Total Revenues

General revenues are the sum of revenues from governmental activities, including revenues from business-type activities, less related expenses.

Total Expenses

The City's total expenses in fiscal year 2016 were \$14,800,000. The City's total expenses in fiscal year 2015 were \$14,500,000.

Governmental-activity expenses

The basis of the City's governmental funds is the accrue method for non-term inflows, such as charges for services and grants. This information is useful in assessing the City's financial requirements.

Governmental-activity Expenses

Expenditures increased by \$1,829,468 in FY16. Capital outlays decreased \$651,414 due to the completion of the 2015 PFTES and work completed in FY16.

Highway and Street maintenance of term related (Paving Road and Streetwork Phase II).

Police and Fire increased \$466,114 in FY16. This increase is most prevalent in personnel expenditure categories and is attributed to full staffing and the implementation of a pay and class study.

Business-type activity expenses

Operating expenses increased \$674,416 during FY16. High cost of labor increased \$300,000 due to the implementation of the 2015 PFTES. Merchandise and equipment purchases decreased \$100,000 due to the completion of the 2015 PFTES. Merchandise and equipment purchases decreased \$100,000 due to the completion of the 2015 PFTES.

Other operating expenses increased \$174,416 during FY16. This increase is attributed to the completion of the 2015 PFTES.

Revenues increased by \$13,232,147 as a result of the City's rate increases necessary to cover through the cost of base for water purchases and sewer processing.

General Fund

The General Fund is the primary operating fund and the largest fund balance at June 30, 2016 is \$15,030,000. At fiscal year 2016 general fund expenditures were \$14,800,000. The General Fund is the primary operating fund.

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Capital Projects Fund

The Capital Projects Fund of the City of Atlanta is used to account for capital projects and infrastructure improvements that are not included in the General Fund.

The Capital Projects Fund increased \$181,324 as a result of transfers to Land Fund, designated for Capital Projects.

Revenues, which are primarily Capital Reserves and transfers from the General Fund, decreased by \$114,636.

Expenditures during the current fiscal year decreased \$66,688, which is attributed to the completion of the 2015 PFTES.

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Solid Waste Fund

The Solid Waste Fund is used to account for capital projects and infrastructure improvements that are not included in the General Fund.

The Solid Waste Fund increased \$1,000 as a result of transfers from the General Fund.

Revenues, which are primarily Capital Reserves and transfers from the General Fund, decreased by \$1,000.

Expenditures during the current fiscal year decreased \$1,000, which is attributed to the completion of the 2015 PFTES.

Major Proprietary Funds

Final Equity of the Water and Sewer fund at the end of the fiscal year 2016 was \$1,000,000. Final Equity increased by \$72,000 during the year.

Operating expenditures increased by \$84,000 primarily due to increases in water and sewer line repairs.

Revenues increased by \$55,602 as a result of the City's rate increases necessary to cover through the cost of base for water purchases and sewer processing.

Capital Assets

The City's investment in capital assets, net of related debt for its governmental activities amounts to \$30,334,381 and in the business-type activities the balance was \$5,556,928, as of June 30, 2016.

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.

Long Term Debt

As of June 30, 2016, the City's total outstanding long-term debt (principal and interest) was \$7,007,678 and included obligations are as follows:

Debt Type	Amount	Term
General Obligation Debt	\$6,700,000	30 years
Capital Projects Fund Debt	\$307,678	30 years
Water and Sewer Fund Debt	\$0	30 years
Other Debt	\$0	30 years

The City is legally required to limit outstanding general obligation debt to 35% of the assessed valuation of taxable property within the City which equates to \$24,536,720.

QUESTIONS ?

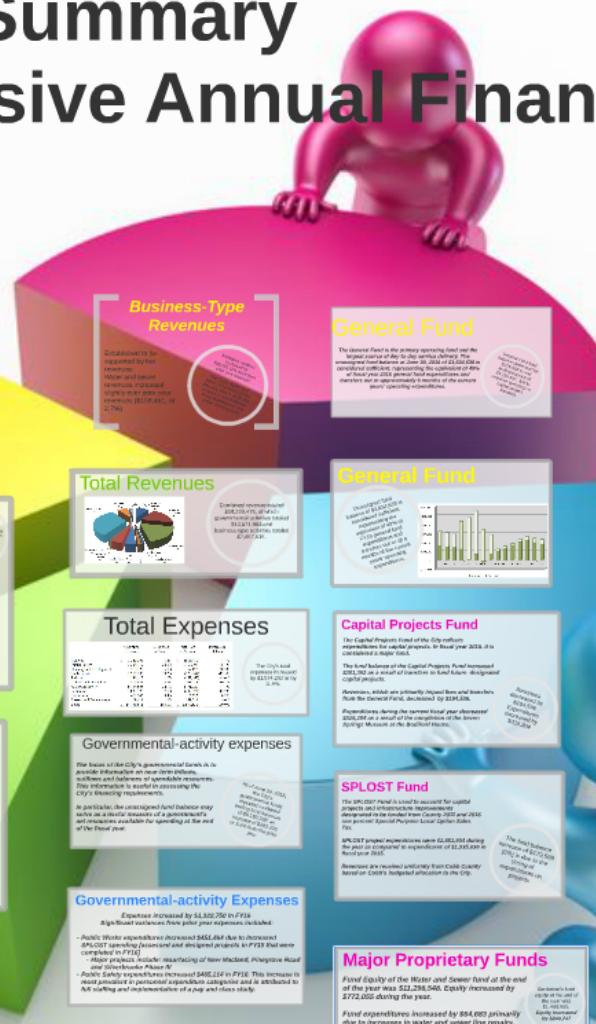
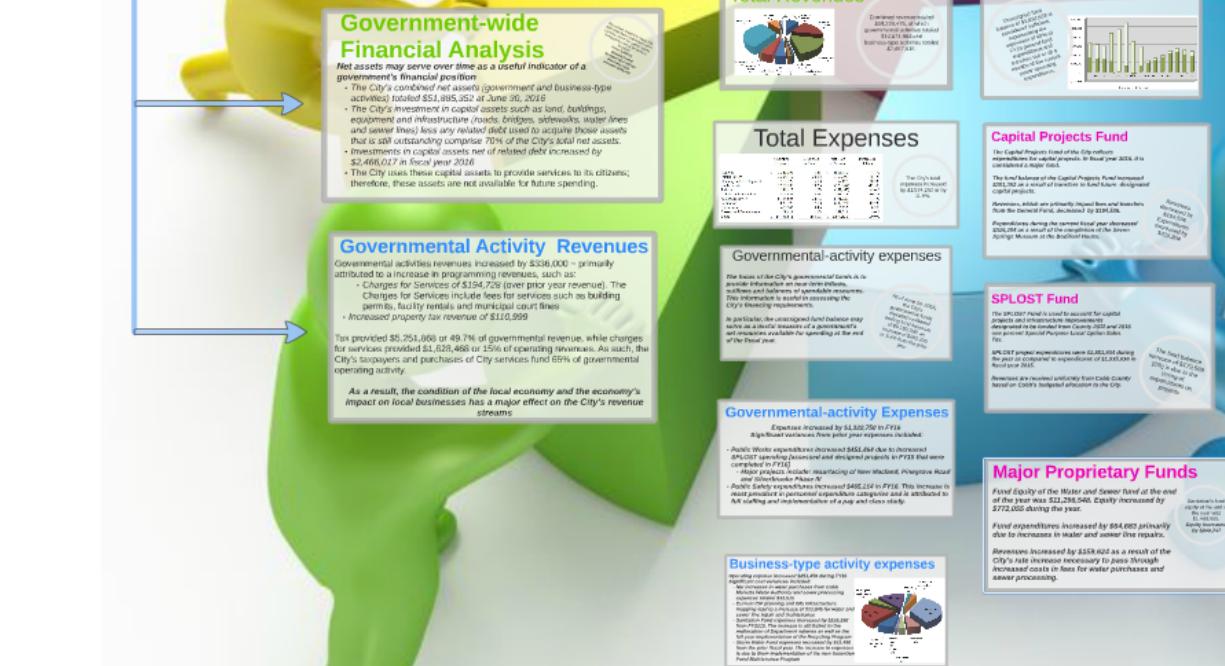


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Long Term Debt

As of June 30, 2016, the City's total outstanding long-term debt (principal and interest) was \$7,007,678 and included obligations as follows:

Long-Term Debt	Amount
General Obligation Debt	\$7,007,678
Capital Projects Fund	\$1,000
Water and Sewer Fund	\$1,000
Land Fund	\$1,000
Other	\$6,995,678

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Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position

- The City's combined net assets (government and business-type activities) totaled \$51,885,352 at June 30, 2016
- 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 assets.
- 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.

Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities

Governmental	increase \$2.5 million
Business-type	increase \$996,070



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***Governmental
increase \$2.5 million***
***Business-type
increase \$996,070***

Governmental Activity Revenues

Governmental activities revenues increased by \$336,000 ~ primarily attributed to a increase in programming revenues, such as:

- *Charges for Services of \$194,728 (over prior year revenue).* The Charges for Services include fees for services such as building permits, facility rentals and municipal court fines
- *Increased property tax revenue of \$110,999*

Tax provided \$5,251,868 or 49.7% of governmental revenue, while charges for services provided \$1,628,468 or 15% of operating revenues. As such, 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 Revenues

Established to be supported by fee revenues:
Water and sewer revenues increased slightly over prior year revenues (\$159,481, or 2.7%)

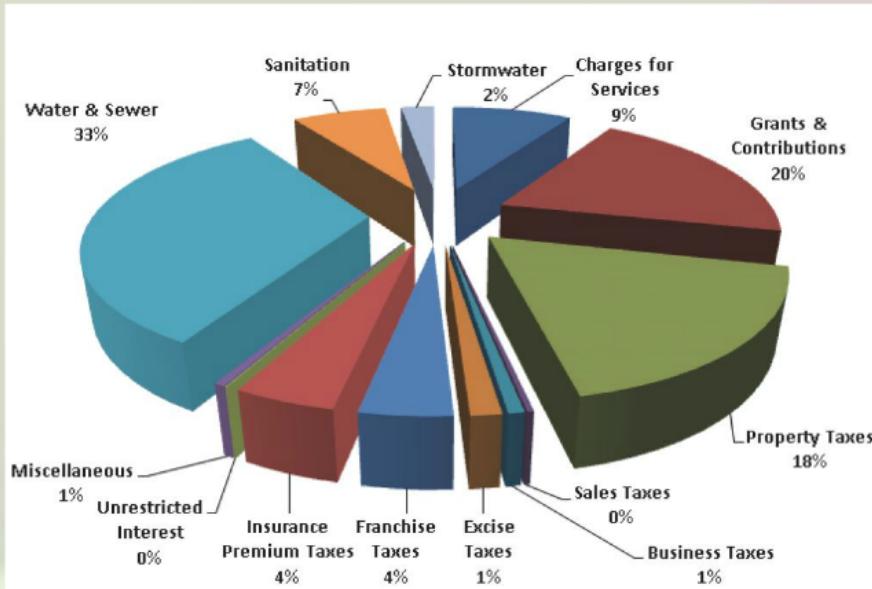
Sanitation revenue increased by \$25,655 (2% more than prior year revenue)

The Storm Water fund billed a total \$452,213 for the utility fees in 2016, this includes a new Detention Pond Maintenance Fee (initial cleaning year)

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(initial cleaning year)

Total Revenues



Combined revenue totaled \$18,229,475, of which governmental activities totaled \$10,571,960 and business-type activities totaled \$7,657,515.

Total Expenses

	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	\$ 14,756,831	100.0%	\$ 1,879,536	100.0%

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

Governmental-activity expenses

Governmental-activity expenses

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 June 30, 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

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Governmental-activity Expenses

Expenses increased by \$1,322,750 in FY16

Significant variances from prior year expenses included:

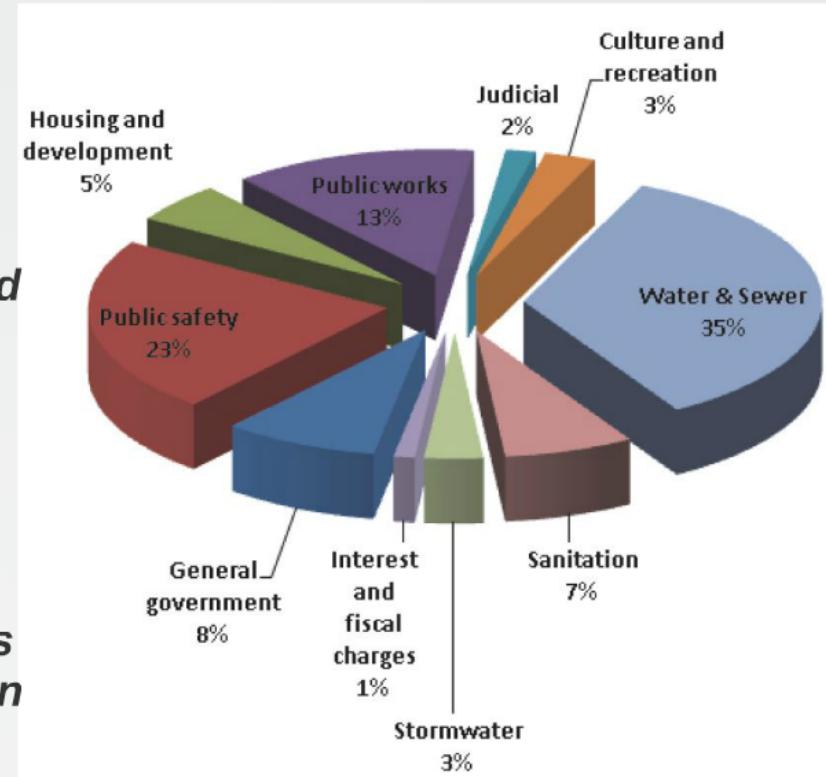
- *Public Works expenditures increased \$451,464 due to increased SPLOST spending [assessed and designed projects in FY15 that were completed in FY16]*
 - *Major projects include: resurfacing of New Macland, Pinegrove Road and Silverbrooke Phase IV*
- *Public Safety expenditures increased \$465,214 in FY16. This increase is most prevalent in personnel expenditure categories and is attributed to full staffing and implementation of a pay and class study.*

Business-type activity expenses

Operating expense increased \$251,453 during FY16

Significant cost variances included:

- Net increases in water purchases from Cobb Marietta Water Authority and sewer processing expenses totaled \$33,515*
- Current CIP planning and GIS Infrastructure mapping lead to a increase of \$23,045 for water and sewer line repair and maintenance*
- Sanitation Fund expenses increased by \$133,290 from FY2015. The increase is attributed to the reallocation of Department salaries as well as the full year implementation of the Recycling Program*
- Storm Water Fund expenses increased by \$53,480 from the prior fiscal year. The increase in expenses is due to them implementation of the new Detention Pond Maintenance Program*



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.

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

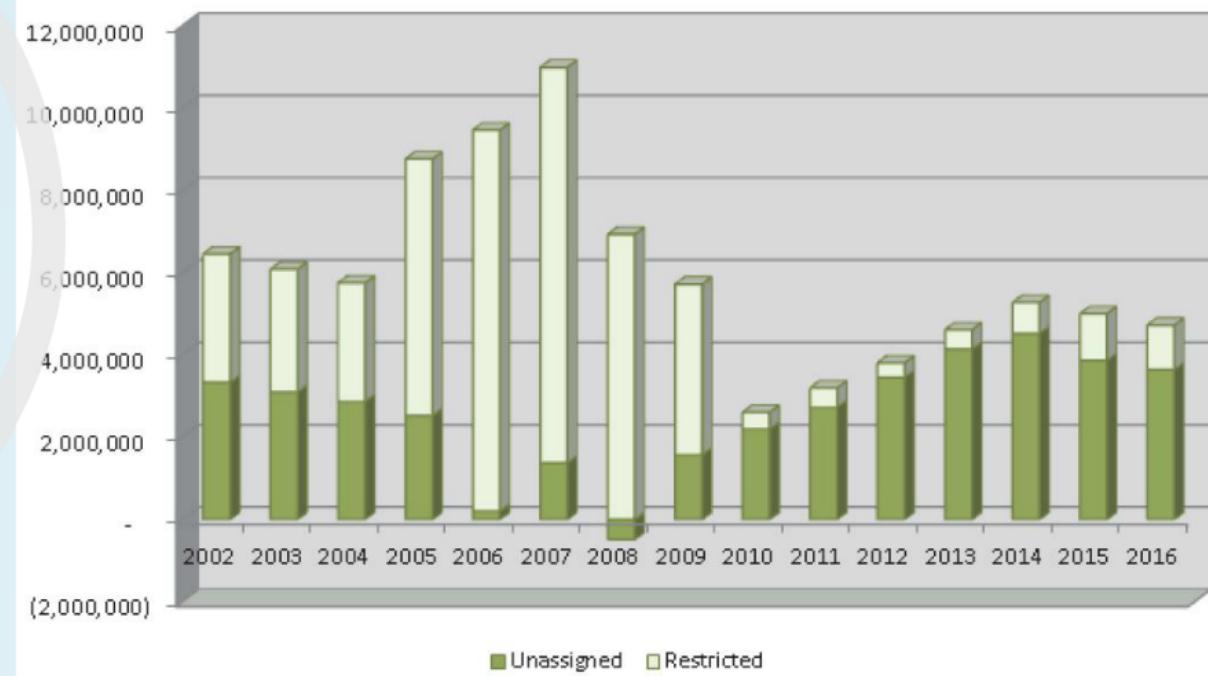


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Capital Projects Fund

The Capital Projects Fund of the City reflects expenditures for capital projects. 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 from the General Fund, decreased by \$194,536.

Expenditures during the current fiscal year decreased \$328,204 as a result of the completion of the Seven Springs Museum at the Bodiford House.



Revenues decreased by \$194,536
Expenditures decreased by \$328,204

SPLOST Fund

The SPLOST Fund is used to account for capital projects and infrastructure improvements designated to be funded from County 2011 and 2016 one percent Special Purpose Local Option Sales Tax.

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.

The fund balance increase of \$179,599 [6%] is due to the timing of expenditures on projects



Major Proprietary Funds

Fund Equity 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 expenditures increased by \$64,683 primarily due to increases in water and sewer line 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.

Sanitation's fund equity at the end of the year was \$1,468,985.

Equity increased by \$240,747

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*Equity increased
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Conversely, the depreciable capital assets of business-type activities were 73.5% depreciable indicating a slower rate of replacement or improvement.

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.

QUESTIONS ?



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Business-Type Revenues

Total Revenues

Total Expenses



Governmental-activity expenses

Governmental-activity Expenses

Business-type activity expenses

General Fund

General Fund

Capital Projects Fund

SPLOST Fund

Major Proprietary Funds

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Category	Amount
General Obligation Bonds	\$6,700,000
Capital Projects Fund	\$200,000
SPLOST Fund	\$107,678
Major Proprietary Funds	\$20,000

The City is legally required to limit outstanding general obligation debt to 35% of the assessed valuation of taxable property within the City which equates to \$24,536,720.

QUESTIONS ?

