

# 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 \$51,885,262 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 these assets that is still outstanding comprise 70% of the City's total net assets.
- Investments in capital assets net of related debt increased by \$2,486,017 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 revenues increased by \$336,000 - primarily attributed to a increase in programming revenues, such as:

- Charges for Services of \$164,736 (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 \$5,251,668 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

Contributed to the City's revenues, business-type activities increased revenue by \$1,100,000 in FY 2016.

### General Fund

The General Fund is the primary operating fund and the largest source of funds for the City's services. This fund is responsible for the majority of the City's operating costs and is the primary source of funds for the City's capital projects.

### Total Revenues



### General Fund



### Total Expenses



### Governmental-activity expenses

The basis of the City's government of funds is its general fund. This fund is the primary source of funds for the City's government activities. This information is useful in assessing the City's financial position.

### Governmental-activity Expenses

- Expenses increased by \$1,000,000 in FY16.
- Major expenses include: Police, Fire, Public Works, and Capital Projects.
- Police: Police expenses increased \$400,000 in FY16. This increase is attributed to increased personnel and equipment costs.
- Fire: Fire expenses increased \$200,000 in FY16. This increase is attributed to increased personnel and equipment costs.
- Public Works: Public Works expenses increased \$100,000 in FY16. This increase is attributed to increased personnel and equipment costs.
- Capital Projects: Capital Projects expenses increased \$100,000 in FY16. This increase is attributed to increased personnel and equipment costs.

### Business-type activity expenses



### Capital Projects Fund

The Capital Projects Fund is used to account for capital projects and infrastructure improvements.

Revenues, which are primarily derived from bonds and fees, are used to fund capital projects.

Expenditures during the current fiscal year decreased \$100,000 as a result of the completion of the Street Lighting Project in the Business District.

### SPLOST Fund

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Expenditures during the current fiscal year decreased \$100,000 as a result of the completion of the Street Lighting Project in the Business District.

### Major Proprietary Funds

Fund Equity of the Water and Sewer fund at the end of the year was \$1,238,540. Equity increased by \$72,000 during the year.

Fund expenditures increased by \$54,000 primarily due to increases in water and sewer line repairs.

Revenues increased by \$55,000 as a result of the City's rate increase necessary to pass through increased costs in fees 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 \$30,834,381 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% depreciated 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 \$7,007,878 and included obligations as follows:

Debt Description	Amount
General Obligation Bonds	\$1,238,540
Capital Projects Bonds	\$2,345,678
SPLOST Bonds	\$3,421,090
Total	\$7,007,878

The City is legally required to limit outstanding general obligation debt to 20% of the assessed valuation of taxable property within the City which equates to \$54,596,738.

QUESTIONS ?



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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

Business-type revenues increased by \$1,100,000 over 2015. This increase was primarily due to an increase in 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 these assets that is still outstanding.

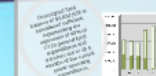
### General Fund

The General Fund is the primary operating fund and the largest source of funds for the City's services. This fund is used to fund the City's general fund expenditures and is the primary source of funds for the City's capital projects.

### Total Revenues



### General Fund



### Total Expenses



### Governmental-activity expenses

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### Governmental-activity Expenses

Expenses increased by \$1,100,000 in FY16. Major expenses include: Police, Public Works, Fire, and Public Safety. The City's expenses are primarily funded by the General Fund.

### Business-type activity expenses

Business-type activity expenses increased by \$1,100,000 in FY16. This increase was primarily due to an increase in 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 these assets that is still outstanding.

### Capital Projects Fund

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### SPLOST Fund

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### Major Proprietary Funds

Fixed Equity of the Water and Sewer fund at the end of the year was \$2,286,540. Equity increased by \$72,000 during the year.

Fixed expenditures increased by \$54,000 primarily due to increases in water and sewer line repairs.

Revenues increased by \$55,000 as a result of the City's rate increase necessary to pay through increased costs in fees for water purchases and sewer processing.

### Capital Assets

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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% depreciated indicating a slower rate of replacement or improvement.

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Debt Description	Amount
General Obligation Bonds	\$1,000,000
Water and Sewer Bonds	\$2,000,000
SPLOST Bonds	\$4,000,000
Total	\$7,000,000

The City is legally required to limit outstanding general obligation debt to 20% of the assessed valuation of taxable property within the City which equates to \$54,596,738.

### QUESTIONS ?



# ***FY 2016***

## ***Financial Highlights***

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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)

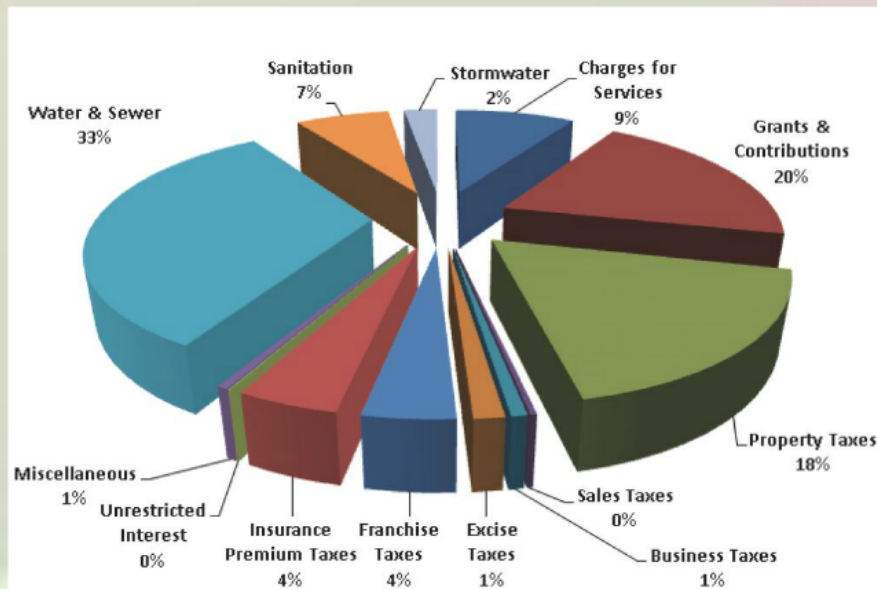
The Storm Water fund billed a total \$452,213 for the utility fees in 2016, this includes a new Detention Pond Maintenance Fee (initial cleaning year)



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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	<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-activity expenses



Total

\$ 14,756,831

100.0%

\$ 1,879,536

100.0%

# 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.*

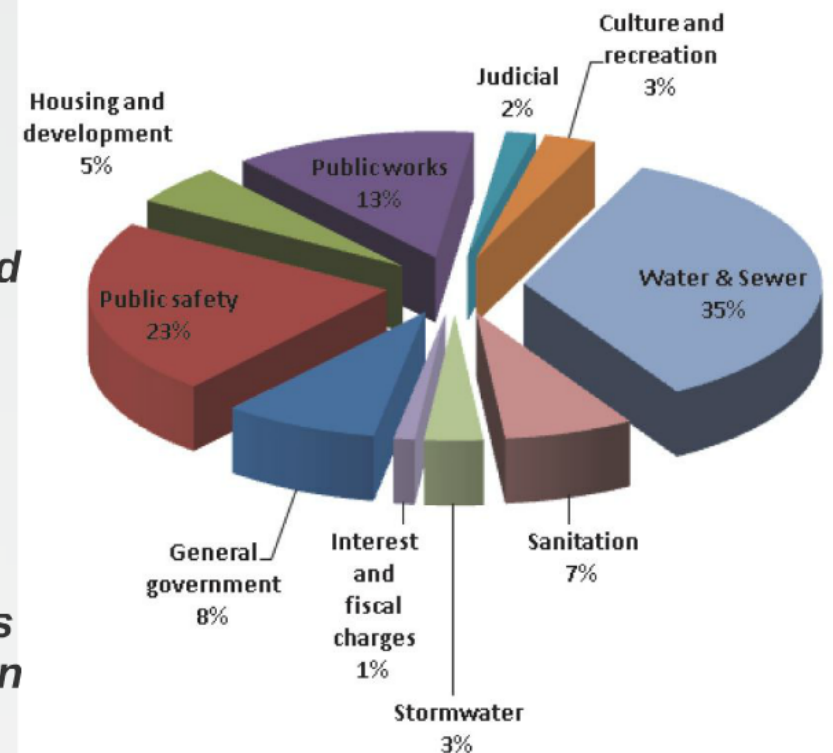


# Business-type activity expenses

*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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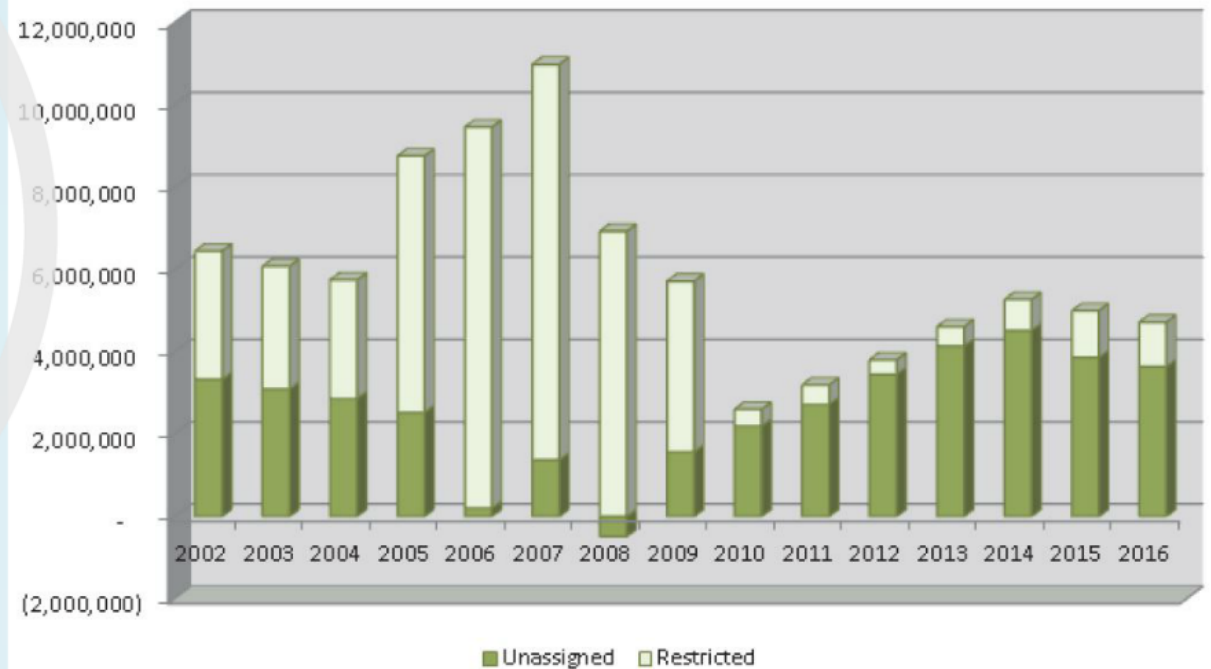
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# General Fund

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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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# Capital Assets

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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.***

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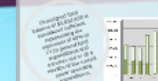
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