

CITY OF POWDER SPRINGS, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017

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INTRODUCTORY SECTION



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December 8, 2017

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, 2017 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, 2017 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, 2017 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's 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 copy of the June 30, 2016 Certificate of Achievement for Excellence in Financial Reporting, a list of elected and appointed 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, 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; recreation and cultural affairs, 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 to maintain the City's operations for about 6 months. The General Fund balance is currently 6.6% of annual expenditures and transfers, or enough to maintain the City's operations for about 7.9 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 4.3% in 2017, down 8.5% the previous year (reported at 4.7%). The City issued 403 Building Permits in Fiscal Year 2016, an increase of 2% 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 2016. The 2016 Gross Digest had an increase of 6.7% from the 2015 Gross Digest. The 2016 net tax digest of the City increased 7.4% to a total assessed taxable value of \$371,534,474. The 2016 tax digest was approved by the Cobb County Board of Equalization at the end of June 2016. 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 DRAINAGE IMPROVEMENTS

To assist in the development of a Capital Improvement Plan for Road Resurfacing, the City completed a Road Rating Study in fiscal year 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 provide the foundation for ongoing funding strategies to meet future resurfacing projects. The City combined local and state resources to maximize funding availability to complete resurfacing in fiscal year 2017 of Hopkins Road, Macedonia Road, Parks Drive, Louise Street, Lindley Circle, Wylie Lane, Woodcrest Drive and Morning Dew Drive, and sidewalks were installed on Parks Drive, Louise Street and Lindley Circle. The storm water program included the continued quarterly street sweeping on primary travel corridors as well as streambank stabilization along Powder Springs Creek and drainage repairs at Butner Street, Florence Road, Springdale Circle, Hopkins Court and Parks Drive.

WATER AND SEWER IMPROVEMENTS

The City completed mapping of water and sewer infrastructure using GPS or 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. The City also completed water leak detection covering 65 miles, and tested approximately 700 meters for reading accuracy. Sewer lines on Lindley Circle, North Avenue Steeplechase and Lynn Drive were completed and 480 lineal feet of water service lines were repaired. During the upcoming fiscal year, water and sewer capacity in the downtown

redevelopment area will be examined, and staff will review financing strategies required for an effective asset management/repair and replacement plan. A prioritization repair or replacement schedule that would be developed in the asset management plan would require in-depth infrastructure testing over the course of the coming years.

GENERAL GOVERNMENT

City Facility Upgrades

The City replaced the restroom flooring and fixtures at the Old Museum in Powder Springs Park in order to accommodate an incubator program planned for the upcoming fiscal year. Roof repairs were completed at the Ford Center and Public Works facilities. Upgrades and improvements also include gutter repairs at Municipal Court, fire suppression system repairs at the Police Department and HVAC repairs at the Cultural Arts Center and Police Department.

Increased Growth and Development

The City experienced increased growth and development this year. Commercial remodels and renovations were valued at over \$1.5 million, and issuance of residential building permits doubled. With the exception of one, all other dormant residential subdivisions have resumed construction activity in Silverbrooke Unit 3, Sweetwater Landing, Silver Springs II, Enclave at Powder Springs, Cameron Springs, Carrington, and Villas of Seven Springs West. Silverbrooke Unit 5 is a new development on the east side of Elliott Road. It will consist of 44 townhome units and will include a green space in the center of the development. Eighty two businesses opened this year resulting in a net increase of 25.

Cost Savings to Residents

Each year the City applies for recertification of its Community Rating System Status for floodplain management. All property owners who own property within 200 feet of an area of special flood hazard received a flyer explaining flood related issues. The city has a rating of 6 in this program, which means that those who are required to have flood insurance will receive a 20% discount on their premiums. The lower the rating, the larger the discount to the property owner.

One Stop Shop for Development

The City engaged a team of consultants to evaluate and update the city's development process. The City coordinated with the Cobb County Soil and Water Conservation District and the Georgia Soil and Water Conservation Commission to develop a Memorandum of Agreement to enable the City to complete erosion and sediment plan reviews in house, rather to send out for review. The City expects to receive approval of the MOA in the upcoming year. As a tool to further streamline the land development process, the City created a One Stop Shop process in coordination with Cobb County and is scheduled to begin implementation of the process in the upcoming fiscal year.

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 continues 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 amenity 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. During this fiscal year the City entered into an Intergovernmental Agreement with the Downtown Development Authority to allocate funding to the DDA in order to acquire or renovate existing buildings, structures, and improvements and acquire and construct new buildings, structures, and improvements in the downtown development district for commercial, business, office, park, restaurant, public or other use to further the redevelopment of the downtown.

Business Recruitment and Retention is in full swing with a cast of players to help diversify the tax base and create jobs. The City Development Team and the Downtown Development Authority have been working diligently to move the Downtown Development Project forward. They have started to secure properties for renovation and business recruitment, initiated a design for the new downtown public park amenity, and are partnering with developers to create more walkable residential neighborhoods in the downtown.

Business Development

The City of Powder Springs Economic Development and Community Development Departments have joined forces to create the Business Liaison Team (BLT) to spearhead business development in the City. The BLT is an assemblage of City staff members working in tandem to provide concierge business development services for new and existing businesses in the City limit. They offer a menu of professional services that range from business plan review to assistance with licensing and permitting, to grand openings and ribbon cuttings. They accept drop-in business consultation every Monday from 9-10am or as needed. They consulted with over 100 businesses during the fiscal year, and as a result of the success of the new BLT program, the Economic and Community Development Directors were invited to present at the annual Georgia Downtown conference.

In June, the Development Authority of Powder Springs closed on a \$37 million dollar bond for a new step-up senior living and memory care facility located on the corner of Richard Sailors Pkwy and Hwy 278. The Silver Comet Village development will consist of two buildings, each a little more than 80,000 square feet for a total of 161,000 square feet. One of the buildings will be a 90-unit, 103-bed assisted-living and memory-care facility and the second building will be a 64-unit independent or supportive living facility. This is the largest development project in the history of Powder Springs. The DAPS also engaged a consulting firm to assist it in marketing available properties for commercial or industrial development that will create job opportunities.

Comprehensive Plan Update

The City completed the planning and assessment phases of the 10-year update to the Comprehensive Plan. The Comprehensive Plan updates demographic information, identifies development nodes and outlines goals and policies for the city regarding transportation, land use and economic development. This was an opportunity for the community to review policies and goals that affect future growth of the City. As part of this process, the City updated its brand. Adoption is scheduled for the upcoming fiscal year along with development of a tagline and signage program incorporating the new brand and logo.

PARKS, RECREATION AND CULTURAL AFFAIRS

Silver Comet Linear Park

In fiscal year 2017, the City completed the addition of a special needs playground using funding from impact fees, community development block grant funds and a grant from Resurgeons Foundation. The playground enables users of all abilities opportunities for recreational play and exercise as well as social connections and interaction with all park users. Development of linear park features is part of the City's goal to promote a community of healthy living.

Tourism

Powder Springs is a hometown destination for family fun, entertainment, and recreation. Our beautiful Historic Downtown and Town Square is host to events, concerts, and shopping, and has connecting trails and routes to the popular Silver Comet Trail. Following a couple of successful 5K events, the City established a Tourism Program featuring the City's trail system with City-sponsored 5K trail events to benefit MUST Ministries for its summer lunch program and local families during the holidays. Both Lucille and Wild Horse Trails were certified, and timed races held for the Run For Food 5K. In fiscal year 2017, the City partnered with Sweetwater Mission to host the 15th annual Chicken to benefit Sweetwater Mission. In the upcoming fiscal year, the City intends to partner with the Spooktacular 5 and 10k charity event races in the downtown to benefit those with vision impairments. Other Powder Springs attractions include: the Southern Quilt Trail, the Seven Springs Museum, performances in the Cultural Arts Center, the nationally known Cobb County BMX park, McEachern Sports and Arts complex, integrated city bike and pedestrian trails, recreational parks, the Seven Springs Water Park, and the Gallery at Powder Springs revolving exhibit featuring a rotating exhibit by the South Cobb Arts Alliance artists.

Youth Initiatives

The City partnered with Powder Springs Elementary to host their spring musical production of The Lion King at the Cultural Arts Center, in an effort to showcase and raise funds for PSEL's Arts Integration program. The City also partnered with schools, churches, businesses and other interested stakeholders to create the Youth Ambassadors to focus on and address needs of youth. The Ambassadors have branded themselves as the GIPS & GAPS, Growing in Powder Springs & Growing Ambassadors in Powder Springs. The GIPS and GAPS held its First Annual 2-Week Summer Camp at Tapp Middle School with 80 children participating. Local business sponsorships enabled students to attend this new summer camp. GIPS & GAPS meets monthly to continue its work to build and expand the summer camp program as well as join forces with other youth supported programs, such as the Cobb Student Leadership Academy.

The Ford Board of Directors recruited and promoted planned events at the Ford Center campus to include a comedy show and bridal show. Similar events are planned for upcoming fiscal year to engage the seniors and youth of our community. The City now offers expanded hours at Senior Center, which is open Monday through Friday, 9-3 and at the Seven Springs Museum at the Bodiford House, which is now open Wed & Thurs 10:00am to 1:00pm, Saturday Noon to 4:00pm, Sunday 1:00pm to 4:00pm

Beautification

The City's beautification program removed over 2,000 bags of trash from our local roadways throughout the year through the efforts of staff dedicated to trash removal and the bi-annual Pick It Up Powder Springs clean up events. The City connects its spring clean up with the national Earth Day recognition and benefits from the support of our local school, church and business participants.

PUBLIC SAFETY AND JUDICIAL

The City of Powder Springs Police Department continued its retention and recruitment program as well as its "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. The Police Department expanded its Citizens and Police program to include more neighborhoods offering a direct presence and connection between the participating neighborhoods and assigned officer. Additionally, it 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

Land Development Process Upgrade

The City expects to complete the Memorandum of Agreement with the Cobb County Soil and Water Conservation District in the upcoming fiscal year, which will enable the City to reduce the timeframe required for the issuance of land disturbance permits.

Downtown Redevelopment

Building off the successes of current redevelopment efforts, the City anticipates completing the first phase of the LCI plan to include development of the downtown public park amenity. The new downtown activity center will include a downtown trailhead that will provide parking, restrooms, water fountains, bike racks, and a bike maintenance station for pedestrians and cyclists. In addition to a trailhead, the activity center will have an interactive water feature, a possible amphitheater or event space, and updated hardscape, landscape, and streetscapes.

To compliment the new downtown activity center plans, and increase foot traffic in the downtown, the DDA will examine the feasibility of continued purchases of properties for redevelopment. The Development Team, consisting of the Directors from Economic Development, Community Development and Finance, along with the City Manager, will continue to work with the DDA and City Council to identify downtown properties for development and redevelopment while simultaneously gathering data, working with consultants, and examining scenarios with the intent of finalizing the Downtown Revitalization Plan. Phase I is anticipated to be rolled out in December of 2017.

Business Development

In conjunction with the Downtown Development Authority, the City plans to conduct an open house in the upcoming fiscal year to showcase some of their potential properties for lease, as well as, additional private properties that are available. The DDA will unveil their new “Anchor Incentive Package” that will include one year of free rent and a renovation grant. The City and DDA will target breweries and restaurants looking for a hometown community in metro Atlanta that has a focused vision for downtown revitalization. The Business Liaison Team will be joined by elected and appointed board officials to host tours of available spaces, discuss incentives, and provide information about the upcoming downtown activity center project.

As part of the new public art initiative and partnership between the City and the South Cobb Arts Alliance, the City is home to The Gallery at Powder Springs in the Community Development building. The Gallery showcases local artists on a rotational basis. The City anticipates the relocation of the SCAA headquarters to the old museum location at Powder Springs Park. Joining the SCAA at this location will be start up businesses accepted into a business incubator program. The City will create and implement a new business incubator program that will help groom home based businesses or start-ups to transition into their own brick and mortar spaces. Two businesses will be selected and will work closely with the BLT over the next couple of years.

The City plans to update their film permitting process so that companies that are interested in filming in the City limit are able to do so in an expedited manner. This will enhance the City’s opportunities to take advantage of the many benefits of having the film industry in Georgia.

Parks, Recreation and Youth

The City will establish an Arts & Cultural Affairs Commission to host events at its cultural facilities and to market greater use of the theater through ongoing and new partnerships. It will continue its partnership with local schools to host performances and seek a partnership with a local performing arts business for regular programmed performances throughout the year.

Through its partnership with local schools, the City will help sponsor the Cobb Student Leadership Academy, which has been created to offer selected students an opportunity to submit a project or idea that will give the students a presence in the community through innovative service and leadership. The Youth Ambassadors' efforts connect students with the community, whether through leadership academies where they learn the value of service and volunteerism or through actual volunteer opportunities such as the City's annual beautification project – Pick It Up Powder Springs.

Road and Infrastructure Improvements

The City will continue its resurfacing program using the road rating system to resurface Country Cove Way, Lookout Trace, Lakewood Way, Silverbrooke Crossing, Silverbrooke Court, Falls Avenue, Birchbrooke and Lily Brook Ct. The City is scheduled to begin the final phase of the meter replacement program to replace 2700 meters. The meter replacement cycle will begin again under the planned asset management program.

To address safety and mobility concerns along Powder Springs Road, the City plans to begin design and engineering of intersection improvements at Powder Springs Road, Pinegrove and Flint Hill. The \$2.6 million dollar project is already on the drawing board in concept phase, and the City plans to move the project forward to completion in the next two years. Work to improve visibility at Deercreek Drive is also scheduled to begin in the upcoming fiscal year. Relocating a utility box and installing a decel lane will improve safety at this intersection and will complete the initial phase of safety improvements on Powder Springs Road in this area.

City Facility and Fleet Maintenance

In an effort to reduce fleet maintenance costs, the City plans to service in house all public safety vehicles as well as public works vehicles and hire an additional mechanic to assist with this program. Additionally, the City will hire an inspector to conduct in-depth inspections of all city facilities to identify needed repairs, maintenance and upgrades in order to develop a capital improvements program.

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 projected 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, 2016. 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

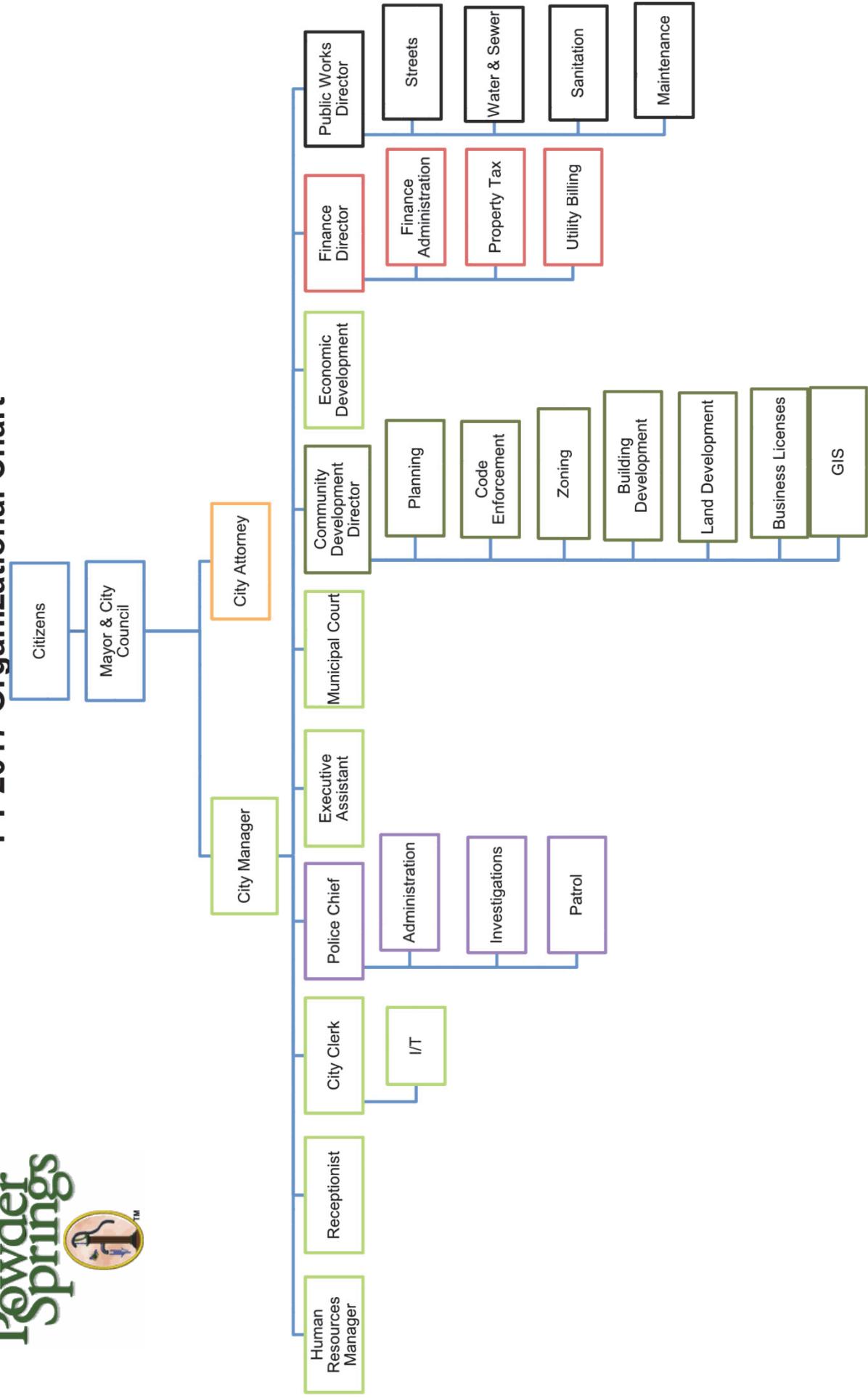
June 30, 2016

Jeffrey R. Einer

Executive Director/CEO



FY 2017 Organizational Chart



CITY OF POWDER SPRINGS, GEORGIA

LIST OF ELECTED AND APPOINTED OFFICIALS **JUNE 30, 2017**

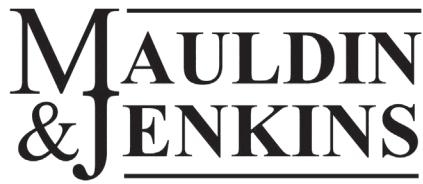
CITY COUNCIL

| | |
|------------------|----------------|
| 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 |
| Charlie Sewell | 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, 2017, 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, 2017, 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 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 8, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is cursive and fluid, with "Mauldin &" on the top line and "& Jenkins, LLC" on the bottom line.

Atlanta, Georgia
December 8, 2017

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, 2017. 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 fiscal year 2017 are as follows:

- ◆ The City's combined net position totaled \$56,062,898, an increase of \$4,177,546 over 2016. Of this amount, unrestricted net position of \$14,456,231 may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ Combined revenue totaled \$19,459,770, of which governmental activities totaled \$12,245,361 and business-type activities totaled \$7,214,409.
- ◆ Overall expenses totaled \$15,282,224 of which governmental activities totaled \$8,375,056 and business-type activities totaled \$6,907,168.
- ◆ At the end of June 30, 2017, governmental activities expenses exceeded program revenues by \$2,659,206. Operating expenses in excess of charges for services and grants & contributions are funded using general revenues (mostly taxes). Governmental activities net position increased by \$3,870,305.
- ◆ Total business-type activities revenues exceeded business-type activities expenses by \$1,297,965, with miscellaneous revenues and transfers reducing this amount by \$990,724. The resulting value is an increase of \$307,241 to business-type net position.
- ◆ The net investment in capital assets for government activities increased by \$1,943,503 and net investment in capital assets for business-type activities increased by \$165,518.
- ◆ At June 30, 2017, the City's General Fund reported an unassigned fund balance of \$5,097,439, an increase of \$1,462,801, 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.

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 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, sanitation and storm water 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 within the nonmajor governmental funds of 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

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 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 and 21 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

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 62 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 \$56,062,898 at June 30, 2017. The following table provides a summary of the City's governmental and business-type net position for fiscal years 2017 and 2016:

City of Powder Springs
Statement of Net Position

| | Governmental Activities | | Business-type Activities | | Total | | Percent of Total |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | |
| Assets: | | | | | | | |
| Current assets | \$ 13,069,605 | \$ 10,817,538 | \$ 9,536,217 | \$ 9,016,060 | \$ 22,605,822 | \$ 19,833,598 | 31% |
| Capital assets, net | 38,503,211 | 37,171,536 | 6,230,711 | 6,131,255 | 44,733,922 | 43,302,791 | 69% |
| Total assets | <u>51,572,816</u> | <u>47,989,074</u> | <u>15,766,928</u> | <u>15,147,315</u> | <u>67,339,744</u> | <u>63,136,389</u> | |
| Deferred outflows of resources | 330,002 | 343,324 | 89,669 | 87,987 | 419,671 | 431,311 | 100% |
| Liabilities | | | | | | | |
| Current liabilities | 1,709,244 | 1,532,642 | 1,636,910 | 1,283,914 | 3,346,154 | 2,816,556 | 24% |
| Long-term liabilities, net | 7,358,748 | 7,832,997 | 979,146 | 1,016,798 | 8,337,894 | 8,849,795 | 76% |
| Total liabilities | <u>9,067,992</u> | <u>9,365,639</u> | <u>2,616,056</u> | <u>2,300,712</u> | <u>11,684,048</u> | <u>11,666,351</u> | |
| Deferred inflows of resources | 8,024 | 10,262 | 4,445 | 5,735 | 12,469 | 15,997 | 100% |
| Net Position | | | | | | | |
| Net investment in capital assets | 32,777,884 | 30,834,381 | 5,722,445 | 5,556,928 | 38,500,329 | 36,391,309 | 70% |
| Restricted | 3,106,338 | 2,191,896 | - | - | 3,106,338 | 2,191,896 | 4% |
| Unrestricted | 6,942,580 | 5,930,220 | 7,513,651 | 7,371,927 | 14,456,231 | 13,302,147 | 26% |
| Total net position | <u>\$ 42,826,802</u> | <u>\$ 38,956,497</u> | <u>\$ 13,236,096</u> | <u>\$ 12,928,855</u> | <u>\$ 56,062,898</u> | <u>\$ 51,885,352</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 net 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. Net investments in capital assets increased by \$2,109,020 in fiscal year 2017. 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 net 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'S DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2017

Governmental activities net position increased by \$3,870,305, in fiscal year 2017. The net position of business-type activities increased \$307,241. The City's overall financial position increased during fiscal year 2017 by \$4,177,546.

The following table indicates the changes in net position for governmental and business-type activities in fiscal year 2017 and fiscal year 2016:

| | | City of Powder Springs Changes in Net Position | | | | | | |
|--|----------------------|---|----------------------|--------------------------|----------------------|----------------------|-------------|---------------------|
| | | Governmental Activities | | Business-type Activities | | Total | | Percent of Total |
| | | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | |
| Revenues: | | | | | | | | |
| Program revenues: | | | | | | | | |
| Charges for services | \$ 2,273,344 | \$ 1,628,468 | \$ 8,205,133 | \$ 7,655,813 | \$ 10,478,477 | \$ 9,284,281 | \$ 53.8% | |
| Operating grants & cont. | 420,132 | 313,340 | - | - | 420,132 | 313,340 | 2.2% | |
| Capital grants & cont. | 3,022,374 | 3,279,674 | - | - | 3,022,374 | 3,279,674 | 15.5% | |
| General revenues: | | | | | | | | |
| Property taxes | 3,497,167 | 3,311,349 | - | - | 3,497,167 | 3,311,349 | 18.0% | |
| Sales taxes | 30,293 | 50,149 | - | - | 30,293 | 50,149 | 0.2% | |
| Excise taxes | 235,393 | 241,608 | - | - | 235,393 | 241,608 | 1.2% | |
| Franchise taxes | 693,494 | 721,082 | - | - | 693,494 | 721,082 | 3.6% | |
| Other taxes | 948,861 | 927,680 | - | - | 948,861 | 927,680 | 4.9% | |
| Unrestricted interest | 19,814 | 9,548 | 3,576 | 1,702 | 23,390 | 11,250 | 0.1% | |
| Miscellaneous | 104,489 | 89,062 | 5,700 | - | 110,189 | 89,062 | 0.4% | |
| Total revenues | 11,245,361 | 10,571,960 | 8,214,409 | 7,657,515 | 19,459,770 | 18,229,475 | 100% | |
| Expenses: | | | | | | | | |
| General government | 1,015,287 | 1,241,193 | - | - | 1,015,287 | 1,241,193 | 6.6% | |
| Judicial | 352,753 | 241,622 | - | - | 352,753 | 241,622 | 2.3% | |
| Public works | 2,094,427 | 1,950,695 | - | - | 2,094,427 | 1,950,695 | 13.7% | |
| Culture and recreation | 551,055 | 411,631 | - | - | 551,055 | 411,631 | 3.6% | |
| Public safety | 3,231,902 | 3,324,112 | - | - | 3,231,902 | 3,324,112 | 21.1% | |
| Community development | 923,634 | 757,122 | - | - | 923,634 | 757,122 | 6.0% | |
| Interest on long-term debt | 205,998 | 169,011 | - | - | 205,998 | 169,011 | 1.3% | |
| Water & Sewer | - | - | 5,453,734 | 5,154,505 | 5,453,734 | 5,154,505 | 35.7% | |
| Solid waste | - | - | 1,215,260 | 1,037,995 | 1,215,260 | 1,037,995 | 8.0% | |
| Stormwater | - | - | 238,174 | 468,945 | 238,174 | 468,945 | 3.4% | |
| Total expenses | 8,375,056 | 8,095,386 | 6,907,168 | 6,661,445 | 15,282,224 | 14,756,831 | 102% | |
| Increase in net position before transfers | 2,870,305 | 2,476,574 | 1,307,241 | 996,070 | 4,177,546 | 3,472,644 | | |
| Transfers | 1,000,000 | - | (1,000,000) | - | - | - | | |
| Change in net position | 3,870,305 | 2,476,574 | 307,241 | 996,070 | 4,177,546 | 3,472,644 | | |
| Net position, beginning | 38,956,497 | 36,479,923 | 12,928,855 | 11,932,785 | 51,885,352 | 48,412,708 | | |
| Net position, ending | \$ 42,826,802 | \$ 38,956,497 | \$ 13,236,096 | \$ 12,928,855 | \$ 56,062,898 | \$ 51,885,352 | | |

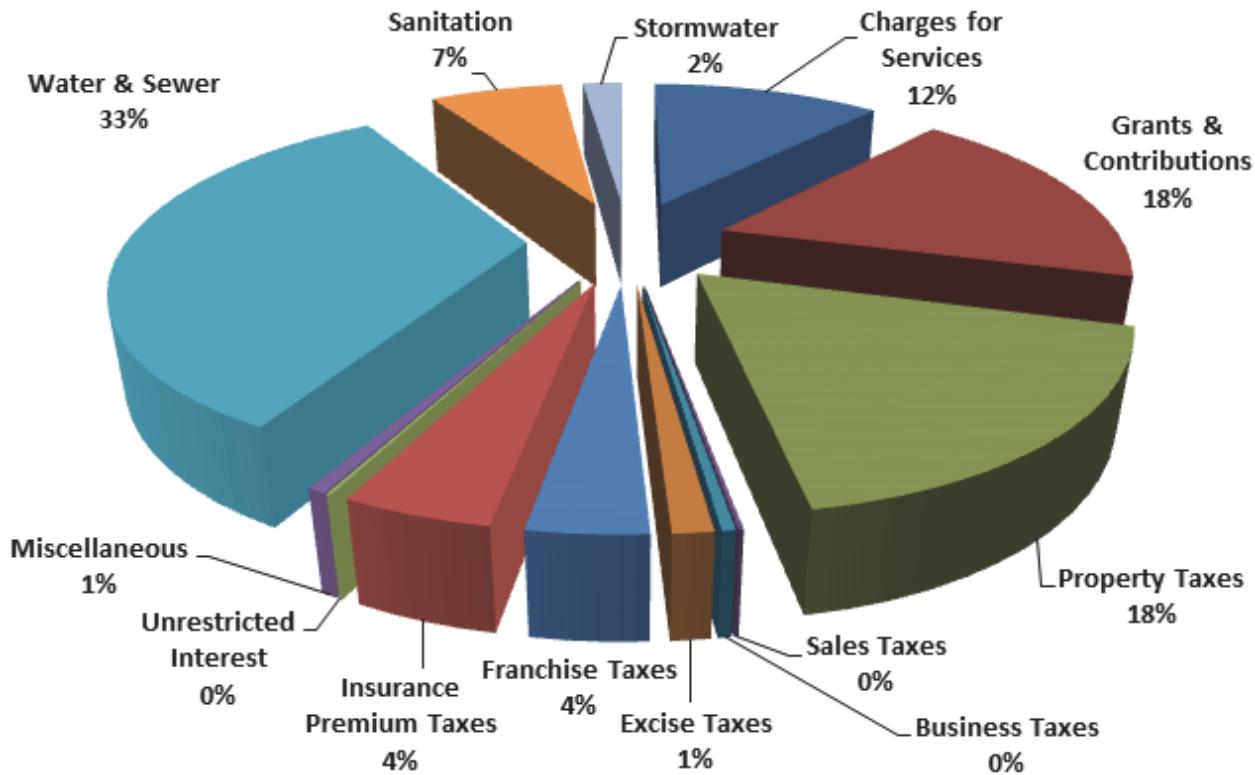
Changes in Overall Net Position from Operating Results

Revenues

Total governmental activities revenues increased by \$673,401. This increase is primarily attributed to increases in programming revenues, such as Charges for Services. This increase accounts for \$494,368 (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 \$185,818 due to only a slight increase in property values (6% more than prior year assessed values) combined with a slightly lower collection rate. In addition to the increase in revenues, net position also increased due to a one-time transfer of \$1,000,000 from the Water & Sewer Fund to the Capital Projects Fund for

the purpose of infrastructure improvements. The City is heavily reliant on tax revenues to support governmental activities operations. Taxes provided \$5,405,208 or 48% of the City's governmental revenue. Charges for services provided \$2,273,344 or 20% of operating revenues. Accordingly, the City's taxpayers and purchases of City services fund 68% 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 over prior year revenues (\$560,568 or 9.5%). This increase is due to an increase in collections from prior years as well as development fees for sewer taps and meters. Sanitation revenue increased by \$45,328 (3.5% 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 \$395,637 for the utility fees in 2017, a decrease of \$56,576 or 12.5% from fiscal year 2016. This decrease is attributed to the Detention Pond Maintenance Program, approved in Fiscal Year 2015 and initially implemented in 2016. This fee is expected to continue to decrease as the maintenance of the ponds continues, thus reducing the ongoing cost to clear the ponds.



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.

| | Operating Expenses | Percentage of Total | Net Cost of Services | Percentage of Total |
|-----------------------------|-----------------------------|----------------------|----------------------------|----------------------|
| General | \$ 1,015,287 | 6.6% | \$ (1,338,650) | -98.3% |
| Public Safety | 3,231,902 | 21.1% | 3,033,021 | 222.8% |
| Community and development | 923,634 | 6.0% | 923,634 | 67.9% |
| Public works | 2,094,427 | 13.7% | 64,581 | 4.8% |
| Judicial | 352,753 | 2.3% | (367,144) | -27.0% |
| Culture and recreation | 551,055 | 3.6% | 137,766 | 10.1% |
| Water and sewer | 5,453,734 | 35.7% | (1,033,065) | -75.9% |
| Solid waste | 1,215,260 | 8.0% | (107,437) | -7.9% |
| Storm water | 238,174 | 1.6% | (157,463) | -11.6% |
| Interest and fiscal charges | 205,998 | 1.4% | 205,998 | 15.1% |
| | <u>\$ 15,282,224</u> | <u>100.0%</u> | <u>\$ 1,361,241</u> | <u>100.0%</u> |

The City's total expenses increased by \$525,393 or by 3.56%.

Governmental activities' expenses increased by \$279,670 in fiscal year 2017 from expenses incurred in fiscal year 2016. Significant variances from prior year expenses included:

- Public Works expenditures increased \$143,732 due to increased SPLOST and LMIG paving spending from fiscal year 2016; Major projects completed in fiscal year 2017 include:
 - Resurfacing completed Winding Lane, Elberta Terrace, Louise Street, Lindley Circle, Parks Drive and Old Lost Mountain Road (SPLOST funded projects);
 - 2017 LMIG projects completed which include patching, milling and resurfacing along Oglesby Road, Thornbridge Drive, Childress Drive and Carrington Park Drive.
- Culture and Recreation expenses increased \$139,424 primarily due to the one time SPLOST and Capital Project Fund expenditures for landscaping and grading for additional parking at the Silver Comet Linear Park.

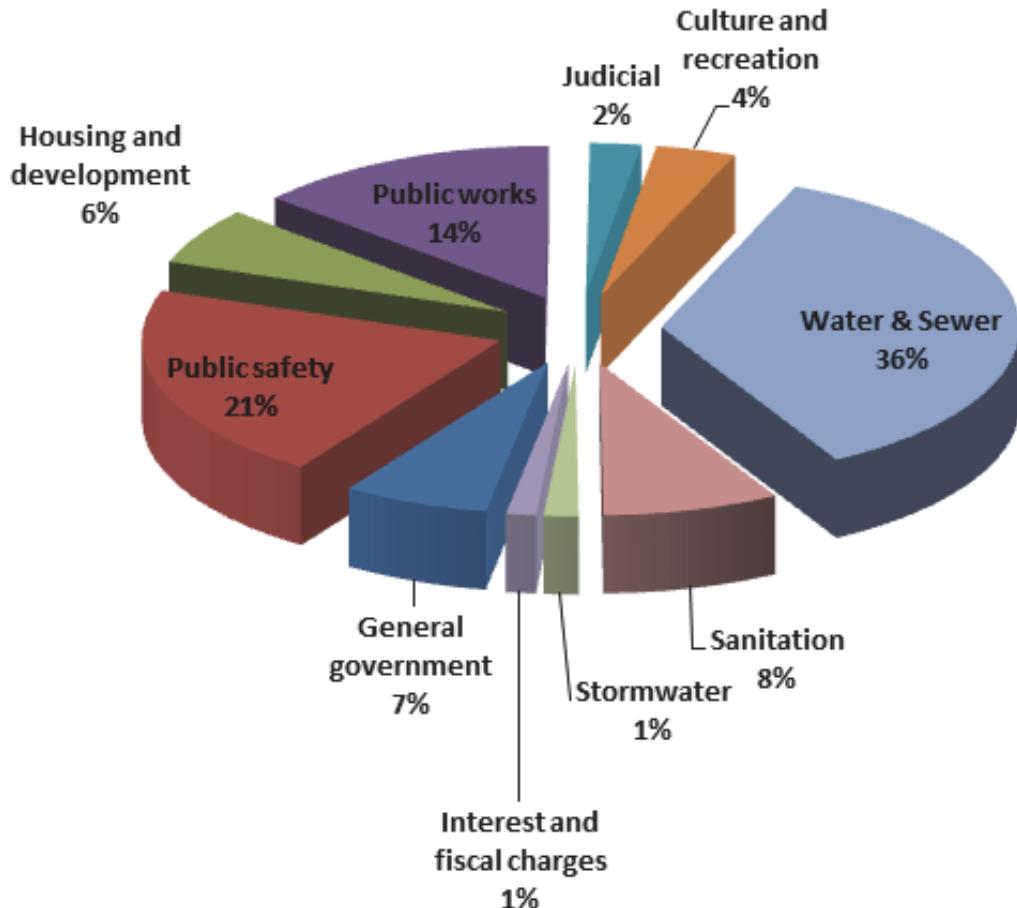
Business-type operating expense increased \$245,723 during the current fiscal year. Significant cost variances included:

- This City noticed a large variance in the billing for water purchases beginning in July 2016. In June of 2016, Cobb County Marietta Water Authority changed out the 11 import meters at the locations in which water enters the City's utility boundary. Once the City received its July bill, a drastic increase in usage was noted (no rate increase occurred until January of 2017 [3%]). Finance alerted Senior Management to include the City Manager and Public Works Director, and the PW Director contacted CCMWA and asked them to test the meters. The result of the test was within normal range, thus indicating that the previous meter was reading slowly.
- The increased expenses in the Sanitation fund are a result in the addition of personnel between fiscal year 2016 and fiscal year 2017. The two positions added in fiscal year 2017 were a Sanitation Laborer and an Environmental Programs Manager. The overall increase in

Salary and Benefits associated with the addition of these two positions accounts for approximately \$74,950 of this variance.

- The other large variance in the personnel categories was the increase in Workers Comp Claims. Workers comp claims totaled \$17,488 in fiscal year 2016 whereas in fiscal year 2017, workers compensation claims totaled \$49,385 (an increase of \$31,898).

While enterprise fund net costs increased from the prior fiscal year, the overall result was an increase in net position of \$307,241 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 2017, the City's governmental funds reported combined ending fund balances of \$11,171,868, an increase of \$2,011,469 or 22% from the prior year. The change in fund balance is comprised of the following:

- *General Fund* fund balance increased by \$666,059 to an ending balance of \$5,381,696, primarily due to an increase in overall revenues of \$748,002 from fiscal year 2016, accompanied by a small decrease in overall expenditures from the prior fiscal year.
- *Capital Projects Fund* fund balance increased by \$1,818,842 to an ending balance of \$3,033,046. This increase is attributed to the additional transfers of funds set aside for future capital projects as well as attributed to an increase in the receipt of Impact Fees.
- *SPLOST Fund* fund balance decreased \$380,929 to an ending fund balance of \$2,736,934. The decrease results from the increases in the expenditure of SPLOST funds after of period of collecting SPLOST proceeds from prior years. The 2005 SPLOST projects are completed and only one final payout for the 2011 SPLOST remained as of the end of fiscal year 2017. The City began collecting for the 2016 SPLOST in March of 2016 and is currently in the assessment and design phase of Street, Public Facility and Park Improvements.

The ending unassigned governmental fund balance is \$5,097,439, 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:

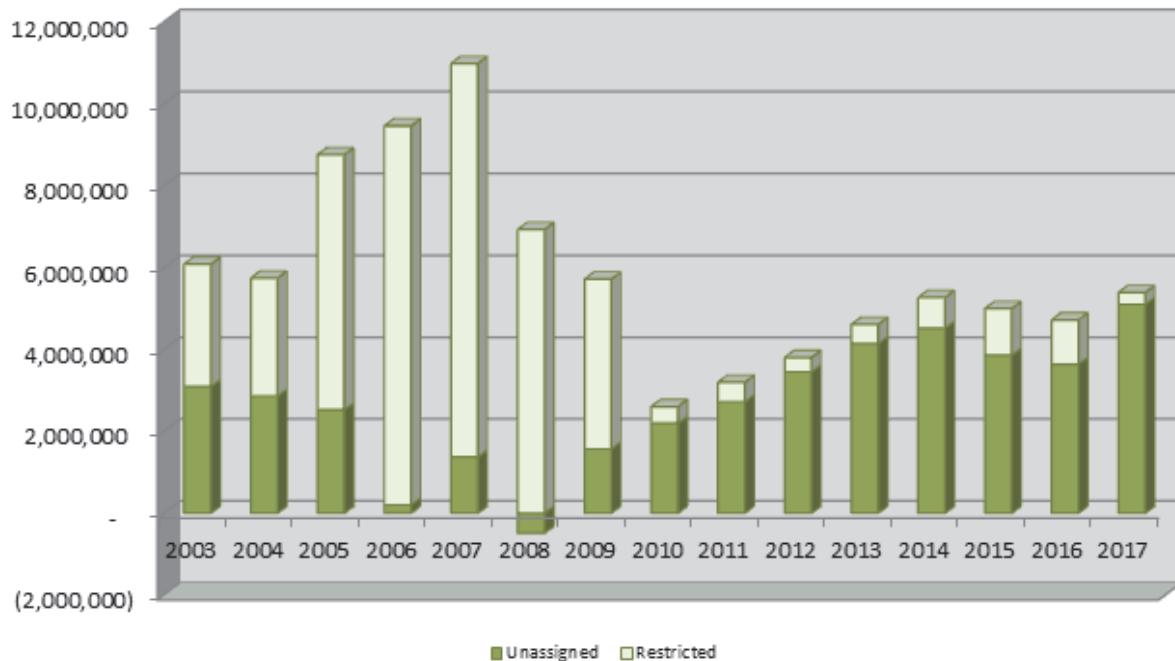
- **Non-spendable balance:**
 - \$ 12,532 for inventories
 - \$ 373,050 for prepaid items
- **Restricted balance:**
 - \$3,086,146 for capital projects
 - \$ 20,192 for law enforcement equipment
- **Assigned balance:**
 - \$2,582,509 for capital projects

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, 2017 of \$5,097,439 is considered sufficient, representing the equivalent of 71% of fiscal year 2017 general fund expenditures and transfers out, or approximately 8.5 months of the current years' operating expenditures.

General Fund revenues in the current year increased by \$748,002 from fiscal year 2016 revenues. Expenditures decreased slightly less by \$194,115 from fiscal year 2017 expenditures.

The following charts reports General Fund fund balances from fiscal year 2003 -2017:



Capital Projects Fund – The Capital Projects Fund of the City reflects expenditures for capital projects as approved by the governing body. In fiscal year 2017, it is considered a major fund. The fund balance of the Capital Projects Fund increased \$1,818,842 as a result of transfers to fund future designated capital projects. Revenues, which are primarily, impact fees and transfers in from the General Fund, increased by \$1,075,308. Expenditures during the current fiscal year decreased by \$442,142 as a result of the prior year completion of the Seven Springs Museum at the Bodiford House as well as the prior year completion of both the 2015 and 2016 LMIG projects.

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 decrease of \$380,929 or 13% is due to the timing of collection of proceeds versus the corresponding expenditures on projects. SPLOST project expenditures were \$3,078,401 during the year as compared to expenditures of \$2,851,934 in fiscal year 2016. 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.

Net position of the water and sewer fund at the end of the year was \$11,338,005. Net position increased by \$39,457 during the year. Fund expenses increased by \$291,136, additionally the Fund reported a \$1,000,000 one-time transfer to the Capital Projects Fund for infrastructure and

development improvements. Revenues increased by \$566,631 primarily due to increased efforts at collections.

The sanitation's fund net position at the end of the year was \$1,579,306. Net position increased by \$110,321 during the year as a result of conservative spending and a slight increase in the customer base.

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 2016, the City adopted a General Fund Budget of \$7,492,350. At the end of the fiscal year, the final amended budgeted expenditures were \$7,876,536, an increase of \$384,186. Actual General Fund revenue was \$699,524 greater than final budgeted revenues for fiscal year 2017. Actual expenditures were \$728,026 less than final budgeted expenditures.

The most significant expenditure amendments are summarized as follows:

- The City of Powder Springs received additional permitting revenue in fiscal year 2017 and amended the Revenue and Expenditure budgets by \$65,590 to allocate these funds to permitting as well as the corresponding Contract Labor for building inspections.
- The City of Powder Springs received Equitable Sharing Program Funds in Fiscal Year 2017 and allocated those funds to capital equipment, capital computer equipment and vehicle acquisition. The total of these budget amendments was \$150,308.
- Transfers Out to both the Fines and Forfeitures Fund and the DDA Bond Debt Service fund budget were decreased by \$16,370 and \$40,571, respectively. These decreases were recommended and implemented as the City received fines in excess of projections and received Impact Fees that were appropriated for use towards the bi-annual debt service payment.
- The City utilized additional Electric Franchise Fees to expand hours at the Seven Springs Museum at the Bodiford House. The additional \$9,000 revenues were appropriated to utilities and supplies for the Museum.

Capital Assets and Debt Administration

Capital Assets

The City's net investment in capital assets, net of related debt for its governmental activities amounts to \$32,777,884 and in the business-type activities the balance was \$5,722,445, as of June 30, 2017. 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.

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

**2017 Capital Assets
(Net of depreciation)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Construction in Progress | \$ 511,887 | \$ 2,231,388 | \$ 140,417 | \$ 710,875 | \$ 652,304 | \$ 2,942,263 |
| Land | 5,254,203 | 4,767,188 | 159,077 | 159,077 | 5,413,280 | 4,926,265 |
| Buildings and Improvements | 13,170,358 | 12,720,741 | 160,572 | 175,835 | 13,330,930 | 12,896,576 |
| Furniture and Fixtures | 132 | 2,231 | - | - | 132 | 2,231 |
| Parks Equipment | 585,075 | 551,944 | - | - | 585,075 | 551,944 |
| Vehicles and Equipment | 1,064,680 | 1,064,828 | 511,409 | 315,910 | 1,576,089 | 1,380,738 |
| Infrastructure | 17,916,876 | 15,833,216 | - | - | 17,916,876 | 15,833,216 |
| Utility Systems | - | - | 5,259,236 | 4,769,558 | 5,259,236 | 4,769,558 |
| Total | 38,503,211 | 37,171,536 | 6,230,711 | 6,131,255 | 44,733,922 | 43,302,791 |

At June 30, 2017, the depreciable capital assets for governmental activities were 36% 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 72% 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:

- Resurfacing, General Street Improvements, and Sidewalk improvements totaling \$2,422,768 additions to infrastructure;
- The completion of the Seven Springs Water Park and Powder Springs Park ball field renovations totaling \$981,216 in additions to buildings & improvements.

Major projects included in the construction in progress account at June 30, 2017 are:

- SPLOST resurfacing and sidewalk improvements totaling \$292,126;
- Linear Park improvements to include an expanded parking lot and a covered basket ball court totaling \$13,807;
- Public Safety implementation of a new records management system; OSSi conversion totaling \$206,322.

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

Long-Term Debt

As of June 30, 2017, the City's total outstanding long-term debt (principal portion) totaled \$6,400,629 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. | \$2,735,000 |
| 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. | \$2,975,000 |
| 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. | \$182,363 |
| Loan payable obligations with the Georgia Environmental Facilities Authority for downtown water system conversion project. | \$508,266 |

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 \$37,153,447.

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 2018 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 \$7,561,703. The unassigned fund balance for the General Fund at the end of the fiscal year 2017 is approximately \$5.1 million.
- The millage rate is adopted in June of each year for the operations and maintenance in General Fund. The millage rate for 2017 was 8.50. This rate has not changed since fiscal year 2005.
- The 2016 taxable digest was \$371,534,474; which was \$25,627,371 or 7.4% 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 Marietta Water Authority and 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.

Contacting the City's Financial Management

This financial report has been prepared by the Finance Director and Finance Department and 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. Supporting records are available for review and inspection pursuant to and to the extent required by the Georgia Open Records Act.

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2017

| Primary Government | | | | | |
|---|--------------------------------|---------------------------------|----------------------|--|--|
| | Governmental Activities | Business-type Activities | Total | | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 11,831,841 | \$ 8,557,324 | \$ 20,389,165 | | |
| Receivables, net of allowance for uncollectibles | 105,715 | 835,277 | 940,992 | | |
| Taxes receivable | 145,076 | - | 145,076 | | |
| Inventories | 12,532 | 81,203 | 93,735 | | |
| Prepaid items | 373,050 | 62,413 | 435,463 | | |
| Due from other governments | 601,391 | - | 601,391 | | |
| Capital assets: | | | | | |
| Non-depreciable | 5,766,090 | 299,494 | 6,065,584 | | |
| Depreciable, net of accumulated depreciation | 32,737,121 | 5,931,217 | 38,668,338 | | |
| Total assets | <u>51,572,816</u> | <u>15,766,928</u> | <u>67,339,744</u> | | |
| DEFERRED OUTFLOW OF RESOURCES | | | | | |
| Deferred charges on refundings | 167,036 | - | 167,036 | | |
| Pension plan experience differences | 84,111 | 46,604 | 130,715 | | |
| Pension plan contributions subsequent to measurement date | 78,855 | 43,065 | 121,920 | | |
| Total deferred outflows of resources | <u>330,002</u> | <u>89,669</u> | <u>419,671</u> | | |
| LIABILITIES | | | | | |
| Accounts payable | 1,587,304 | 600,002 | 2,187,306 | | |
| Accrued liabilities | 121,940 | 127,069 | 249,009 | | |
| Customer deposits | - | 909,839 | 909,839 | | |
| Interest payable | 72,484 | - | 72,484 | | |
| Bonds payable, due within one year | 595,000 | - | 595,000 | | |
| Bonds payable, due in more than one year | 5,115,000 | - | 5,115,000 | | |
| Note payable, due within one year | - | 68,698 | 68,698 | | |
| Note payable, due in more than one year | - | 439,568 | 439,568 | | |
| Capital leases, due within one year | 51,141 | - | 51,141 | | |
| Capital leases, due in more than one year | 131,222 | - | 131,222 | | |
| Compensated absences, due within one year | 99,119 | 37,243 | 136,362 | | |
| Compensated absences, due in more than one year | 74,774 | 28,093 | 102,867 | | |
| Net pension liability, due in more than one year | 437,675 | 242,508 | 680,183 | | |
| Net OPEB obligation, due in more than one year | 782,333 | 163,036 | 945,369 | | |
| Total liabilities | <u>9,067,992</u> | <u>2,616,056</u> | <u>11,684,048</u> | | |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Pension plan investment earnings | 304 | 168 | 472 | | |
| Pension plan assumption changes | 7,720 | 4,277 | 11,997 | | |
| Total deferred inflows of resources | <u>8,024</u> | <u>4,445</u> | <u>12,469</u> | | |
| NET POSITION | | | | | |
| Net investment in capital assets | 32,777,884 | 5,722,445 | 38,500,329 | | |
| Restricted for: | | | | | |
| Law enforcement | 20,192 | - | 20,192 | | |
| Capital projects | 3,086,146 | - | 3,086,146 | | |
| Unrestricted | <u>6,942,580</u> | <u>7,513,651</u> | <u>14,456,231</u> | | |
| Total net position | <u>\$ 42,826,802</u> | <u>\$ 13,236,096</u> | <u>\$ 56,062,898</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, 2017

| Functions/Programs | Program Revenues | | | | | Net (Expenses) Revenues and Changes in Net Position | |
|---|-----------------------------|----------------------|---|---------------------|---|--|---------------------------------|
| | Charges for Services | | Operating Grants and Contributions | | Capital Grants and Contributions | Governmental Activities | Business-type Activities |
| | Expenses | | | | | | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 1,015,287 | \$ 1,142,915 | \$ 420,132 | \$ 790,890 | \$ 1,338,650 | \$ - | \$ 1,338,650 |
| Judicial | 352,753 | 719,897 | - | - | 367,144 | - | 367,144 |
| Public safety | 3,231,902 | 140,997 | - | 57,884 | (3,033,021) | - | (3,033,021) |
| Public works | 2,094,427 | - | - | 2,029,846 | (64,581) | - | (64,581) |
| Community development | 923,634 | - | - | - | (923,634) | - | (923,634) |
| Culture and recreation | 551,055 | 269,535 | - | 143,754 | (137,766) | - | (137,766) |
| Interest on long-term debt | 205,998 | - | - | - | (205,998) | - | (205,998) |
| Total governmental activities | 8,375,056 | 2,273,344 | 420,132 | 3,022,374 | (2,659,206) | - | (2,659,206) |
| Business-type activities: | | | | | | | |
| Water & Sewer | 5,453,734 | 6,486,799 | - | - | - | 1,033,065 | 1,033,065 |
| Solid waste | 1,215,260 | 1,322,697 | - | - | - | 107,437 | 107,437 |
| Stormwater | 238,174 | 395,637 | - | - | - | 157,463 | 157,463 |
| Total business-type activities | 6,907,168 | 8,205,133 | \$ 420,132 | \$ 3,022,374 | (2,659,206) | 1,297,965 | 1,297,965 |
| Total primary government | \$ 15,282,224 | \$ 10,478,477 | | | | | (1,361,241) |
| General revenues: | | | | | | | |
| Property taxes | 3,497,167 | - | - | - | - | 3,497,167 | - |
| Sales taxes | 30,293 | - | - | - | - | 30,293 | - |
| Franchise taxes | 693,494 | - | - | - | - | 693,494 | - |
| Excise taxes | 235,393 | - | - | - | - | 235,393 | - |
| Business and occupational taxes | 78,795 | - | - | - | - | 78,795 | - |
| Insurance premium taxes | 870,066 | - | - | - | - | 870,066 | - |
| Unrestricted investment earnings | 19,814 | - | - | - | - | 19,814 | - |
| Miscellaneous | 104,489 | - | - | - | - | 104,489 | - |
| Transfers | 1,000,000 | - | - | - | - | 1,000,000 | - |
| Total general revenues and transfers | 6,529,511 | | | | | (1,000,000) | - |
| Change in net position | 3,870,305 | - | - | - | - | 3,870,305 | - |
| Net position, beginning of year | 38,956,497 | - | - | - | - | 38,956,497 | - |
| Net position, end of year | \$ 42,826,802 | | | | | \$ 13,236,096 | \$ 56,062,898 |

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

CITY OF POWDER SPRINGS, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

| ASSETS | General | SPLOST | Capital Projects | Nonmajor | Total |
|---|---------------------|---------------------|-------------------------|---------------------|----------------------|
| | Fund | Fund | Fund | Governmental | Governmental |
| Funds | | | Funds | | Funds |
| Cash | \$ 6,330,152 | \$ 2,433,837 | \$ 3,049,237 | \$ 18,615 | \$ 11,831,841 |
| Taxes receivable | 145,076 | - | - | - | 145,076 |
| Accounts receivable | 103,963 | - | - | 1,752 | 105,715 |
| Due from other governments | 135,517 | 442,052 | 23,822 | - | 601,391 |
| Due from other funds | - | 7,584 | - | - | 7,584 |
| Inventory | 12,532 | - | - | - | 12,532 |
| Prepaid items | 270,395 | 102,655 | - | - | 373,050 |
| Total assets | <u>\$ 6,997,635</u> | <u>\$ 2,986,128</u> | <u>\$ 3,073,059</u> | <u>\$ 20,367</u> | <u>\$ 13,077,189</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,321,744 | \$ 249,194 | \$ 16,191 | \$ 175 | \$ 1,587,304 |
| Accrued liabilities | 121,940 | - | - | - | 121,940 |
| Due to other funds | 7,584 | - | - | - | 7,584 |
| Total liabilities | <u>1,451,268</u> | <u>249,194</u> | <u>16,191</u> | <u>175</u> | <u>1,716,828</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 140,293 | - | - | - | 140,293 |
| Unavailable revenue - court fines | 24,378 | - | - | - | 24,378 |
| Unavailable revenue - intergovernmental | - | - | 23,822 | - | 23,822 |
| Total deferred inflows of resources | <u>164,671</u> | <u>-</u> | <u>23,822</u> | <u>-</u> | <u>188,493</u> |
| FUND BALANCES | | | | | |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | 270,395 | 102,655 | - | - | 373,050 |
| Inventory | 12,532 | - | - | - | 12,532 |
| Restricted: | | | | | |
| Law enforcement | - | - | - | 20,192 | 20,192 |
| Capital projects | 1,330 | 2,634,279 | 450,537 | - | 3,086,146 |
| Assigned for: | | | | | |
| Capital projects | - | - | 2,582,509 | - | 2,582,509 |
| Unassigned | 5,097,439 | - | - | - | 5,097,439 |
| Total fund balances | <u>5,381,696</u> | <u>2,736,934</u> | <u>3,033,046</u> | <u>20,192</u> | <u>11,171,868</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 6,997,635</u> | <u>\$ 2,986,128</u> | <u>\$ 3,073,059</u> | <u>\$ 20,367</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. | | | | | 38,503,211 |
| Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. | | | | | 188,493 |
| 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. | | | | | (282,733) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | | | | (6,754,037) |
| Net position of governmental activities | | | | | <u>\$ 42,826,802</u> |

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, 2017**

| | General Fund | SPLOST Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|-----------------------------|-----------------------------------|--------------------------------|
| Revenues | | | | | |
| Taxes | \$ 5,431,213 | \$ - | \$ - | \$ - | \$ 5,431,213 |
| Licenses and permits | 760,908 | - | - | - | 760,908 |
| Intergovernmental | 406,310 | 2,697,472 | 304,902 | - | 3,408,684 |
| Fines and forfeitures | 723,606 | - | - | 2,250 | 725,856 |
| Charges for services | 369,759 | - | 420,530 | - | 790,289 |
| Interest income | 19,775 | - | 6 | 33 | 19,814 |
| Contributions and donations | 7,619 | - | 20,000 | - | 27,619 |
| Miscellaneous | 96,870 | - | - | - | 96,870 |
| Total revenues | 7,816,060 | 2,697,472 | 745,438 | 2,283 | 11,261,253 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 747,432 | 138,386 | 23,852 | - | 909,670 |
| Judicial | 309,790 | - | - | - | 309,790 |
| Public safety | 3,013,551 | 190,714 | - | 54,215 | 3,258,480 |
| Public works | 835,561 | 1,588,308 | - | - | 2,423,869 |
| Community development | 798,562 | - | 104,588 | - | 903,150 |
| Culture and recreation | 113,189 | 105,810 | - | - | 218,999 |
| Capital outlay | - | 1,001,683 | 398,913 | - | 1,400,596 |
| Debt service: | | | | | |
| Principal retirements | - | 50,387 | - | 580,000 | 630,387 |
| Interest | - | 3,113 | - | 191,730 | 194,843 |
| Total expenditures | 5,818,085 | 3,078,401 | 527,353 | 825,945 | 10,249,784 |
| Excess (deficiency) of revenues over expenditures | 1,997,975 | (380,929) | 218,085 | (823,662) | 1,011,469 |
| Other financing sources (uses): | | | | | |
| Transfers in | - | - | 1,659,337 | 731,159 | 2,390,496 |
| Transfers out | (1,331,916) | - | (58,580) | - | (1,390,496) |
| Total other financing sources (uses) | (1,331,916) | - | 1,600,757 | 731,159 | 1,000,000 |
| Net change in fund balances | 666,059 | (380,929) | 1,818,842 | (92,503) | 2,011,469 |
| Fund balances, beginning of year | 4,715,637 | 3,117,863 | 1,214,204 | 112,695 | 9,160,399 |
| Fund balances, end of year | \$ 5,381,696 | \$ 2,736,934 | \$ 3,033,046 | \$ 20,192 | \$ 11,171,868 |

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, 2017

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

| | |
|---|---------------------|
| Net change in fund balances - total governmental funds | \$ 2,011,469 |
| 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. | 1,331,675 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (15,892) |
| 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. | 630,387 |
| 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>(87,334)</u> |
| Change in net position - governmental activities | <u>\$ 3,870,305</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, 2017

| ASSETS | Water & Sewer Fund | Sanitation Fund | Nonmajor | | Totals |
|---|-----------------------|--------------------|---------------------|---------------|--------|
| | | | Storm Water Fund | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ 6,953,706 | \$ 1,328,227 | \$ 275,391 | \$ 8,557,324 | |
| Accounts receivable, net of allowances | 635,108 | 145,276 | 54,893 | 835,277 | |
| Prepaid items | 35,638 | 24,413 | 2,362 | 62,413 | |
| Inventories | 81,203 | - | - | 81,203 | |
| Total current assets | 7,705,655 | 1,497,916 | 332,646 | 9,536,217 | |
| NONCURRENT ASSETS - CAPITAL ASSETS | | | | | |
| Non-depreciable | 299,494 | - | - | 299,494 | |
| Depreciable, net of accumulated depreciation | 5,541,054 | 390,163 | - | 5,931,217 | |
| Total noncurrent assets | 5,840,548 | 390,163 | - | 6,230,711 | |
| Total assets | 13,546,203 | 1,888,079 | 332,646 | 15,766,928 | |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension plan experience differences | 29,319 | 15,593 | 1,692 | 46,604 | |
| Pension plan contributions subsequent to measurement date | 26,962 | 14,626 | 1,477 | 43,065 | |
| Total deferred outflows of resources | 56,281 | 30,219 | 3,169 | 89,669 | |
| LIABILITIES | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | 559,535 | 39,236 | 1,231 | 600,002 | |
| Accrued liabilities | 113,489 | 12,115 | 1,465 | 127,069 | |
| Customer deposits | 721,310 | 188,529 | - | 909,839 | |
| Note payable, current | 68,698 | - | - | 68,698 | |
| Compensated absences payable, current | 24,786 | 9,398 | 3,059 | 37,243 | |
| Total current liabilities | 1,487,818 | 249,278 | 5,755 | 1,742,851 | |
| NONCURRENT LIABILITIES | | | | | |
| Note payable | 439,568 | - | - | 439,568 | |
| Compensated absences payable | 18,698 | 7,088 | 2,307 | 28,093 | |
| Net pension liability | 152,562 | 81,139 | 8,807 | 242,508 | |
| OPEB obligation | 163,036 | - | - | 163,036 | |
| Total noncurrent liabilities | 773,864 | 88,227 | 11,114 | 873,205 | |
| Total liabilities | 2,261,682 | 337,505 | 16,869 | 2,616,056 | |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Pension plan investment earnings | 106 | 56 | 6 | 168 | |
| Pension plan assumption changes | 2,691 | 1,431 | 155 | 4,277 | |
| Total deferred inflows of resources | 2,797 | 1,487 | 161 | 4,445 | |
| NET POSITION | | | | | |
| Net investment in capital assets | 5,332,282 | 390,163 | - | 5,722,445 | |
| Unrestricted | 6,005,723 | 1,189,143 | 318,785 | 7,513,651 | |
| Total net position | \$ 11,338,005 | \$ 1,579,306 | \$ 318,785 | \$ 13,236,096 | |

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, 2017**

| | Water & Sewer Fund | Sanitation Fund | Nonmajor | | Totals |
|--|-----------------------|---------------------|---------------------|----------------------|---------------|
| | | | Storm Water Fund | | |
| OPERATING REVENUES | | | | | |
| Charges for sales and services | \$ 6,076,085 | \$ 1,272,480 | \$ 395,637 | \$ 7,744,202 | |
| Other operating income | 410,714 | 50,217 | - | 460,931 | |
| Total operating revenues | <u>6,486,799</u> | <u>1,322,697</u> | <u>395,637</u> | <u>8,205,133</u> | |
| OPERATING EXPENSES | | | | | |
| Salaries and benefits | 957,013 | 501,415 | 113,447 | 1,571,875 | |
| General operating expenses | 2,490,966 | 688,286 | 124,727 | 3,303,979 | |
| Depreciation | 489,907 | 25,559 | - | 515,466 | |
| Water purchases | 1,494,593 | - | - | 1,494,593 | |
| Total operating expenses | <u>5,432,479</u> | <u>1,215,260</u> | <u>238,174</u> | <u>6,885,913</u> | |
| Operating income | 1,054,320 | 107,437 | 157,463 | 1,319,220 | |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Interest income | 692 | 2,884 | - | 3,576 | |
| Intergovernmental revenue | 5,700 | - | - | 5,700 | |
| Interest and fiscal charges | (21,255) | - | - | (21,255) | |
| Total non-operating revenues (expenses) | <u>(14,863)</u> | <u>2,884</u> | <u>-</u> | <u>(11,979)</u> | |
| Change in net position before transfers | 1,039,457 | 110,321 | 157,463 | 1,307,241 | |
| Transfers out | <u>(1,000,000)</u> | <u>-</u> | <u>-</u> | <u>(1,000,000)</u> | |
| Change in net position | 39,457 | 110,321 | 157,463 | 307,241 | |
| Net position, beginning of year | <u>11,298,548</u> | <u>1,468,985</u> | <u>161,322</u> | <u>12,928,855</u> | |
| Net position, end of year | \$ 11,338,005 | \$ 1,579,306 | \$ 318,785 | \$ 13,236,096 | |

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, 2017**

| | Water & Sewer Fund | Sanitation Fund | Nonmajor Storm Water Fund | Totals |
|--|---------------------------------------|----------------------------|--|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 6,537,632 | \$ 1,308,022 | \$ 398,113 | \$ 8,243,767 |
| Payments to suppliers | (3,615,318) | (646,945) | (189,365) | (4,451,628) |
| Payments to employees | (864,745) | (491,293) | (113,741) | (1,469,779) |
| Net cash provided by operating activities | <u>2,057,569</u> | <u>169,784</u> | <u>95,007</u> | <u>2,322,360</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Transfers out to other funds | (1,000,000) | - | - | (1,000,000) |
| Receipt of advances to other funds | 70,000 | - | - | 70,000 |
| Net cash used in non-capital financing activities | <u>(930,000)</u> | <u>-</u> | <u>-</u> | <u>(930,000)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchase of capital assets | (403,816) | (211,106) | - | (614,922) |
| Principal payments on loans | (66,062) | - | - | (66,062) |
| Receipt of intergovernmental grant | 5,700 | - | - | 5,700 |
| Interest paid | (21,255) | - | - | (21,255) |
| Net cash used in capital and related financing activities | <u>(485,433)</u> | <u>(211,106)</u> | <u>-</u> | <u>(696,539)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 692 | 2,884 | - | 3,576 |
| Net cash provided by investing activities | <u>692</u> | <u>2,884</u> | <u>-</u> | <u>3,576</u> |
| Net increase in cash and cash equivalents | 642,828 | (38,438) | 95,007 | 699,397 |
| Cash and cash equivalents, beginning of year | 6,310,878 | 1,366,665 | 180,384 | 7,857,927 |
| Cash and cash equivalents, end of year | <u>\$ 6,953,706</u> | <u>\$ 1,328,227</u> | <u>\$ 275,391</u> | <u>\$ 8,557,324</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating income | \$ 1,054,320 | \$ 107,437 | \$ 157,463 | \$ 1,319,220 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation expense | 489,907 | 25,559 | - | 515,466 |
| Change in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | 50,833 | (14,675) | 2,476 | 38,634 |
| Decrease in prepaid items | 46,447 | 7,173 | 4,234 | 57,854 |
| Decrease in inventories | 11,856 | 896 | - | 12,752 |
| Increase in deferred outflows of resources - experience change | (25,427) | (13,431) | (1,452) | (40,310) |
| Decrease in deferred outflows of resources - contributions | | | | |
| to pension plan | 1,941 | 660 | 215 | 2,816 |
| Increase (decrease) in accounts payable | 285,278 | 7,804 | (68,872) | 224,210 |
| Increase (decrease) in accrued liabilities | 73,208 | 3,838 | (388) | 76,658 |
| Increase in customer deposits | 26,660 | 25,468 | - | 52,128 |
| Increase (decrease) in compensated absences payable | (943) | 3,250 | (225) | 2,082 |
| Increase in net pension liability | 13,684 | 3,986 | 249 | 17,919 |
| Decrease in deferred inflows of resources - pension plan | | | | |
| assumption changes | (855) | (539) | (64) | (1,458) |
| Increase in deferred outflows of resources - investment earnings, pensions | 22,251 | 12,358 | 1,371 | 35,980 |
| Increase in net OPEB obligation | 8,409 | - | - | 8,409 |
| Net cash provided by operating activities | <u>\$ 2,057,569</u> | <u>\$ 169,784</u> | <u>\$ 95,007</u> | <u>\$ 2,322,360</u> |

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

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, 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, 2017, 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 received through June 30, 2017 which are paid to the County for the future improvements to be performed on Powder Springs Joint Project and subsequently turned over to the City. As of June 30, 2017, these deposits totaled \$102,655.

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 three 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 two 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 type 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 \$6,754,037 difference are as follows:

| | | |
|--|----|--------------------|
| Bonds payable | \$ | (5,710,000) |
| Deferred charges on refunding | | 167,036 |
| Accrued interest payable | | (72,484) |
| Compensated absences (i.e., vacation) | | (173,893) |
| Capital Lease Payable | | (182,363) |
| Net OPEB obligation | | <u>(782,333)</u> |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | \$ | <u>(6,754,037)</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 \$282,733 difference are as follows:

| | |
|--|---------------------|
| Net pension liability | \$ (437,675) |
| Deferred outflows of resources: | |
| Pension plan contributions subsequent to measurement date | 78,855 |
| Pension plan experience differences | 84,111 |
| Deferred inflows of resources: | |
| Net difference between projected and actual investment earnings | (304) |
| Pension plan assumption changes | <u>(7,720)</u> |
| Net adjustment to reduce <i>fund balance- total governmental funds</i> to arrive at <i>net position - governmental activities</i> | \$ <u>(282,733)</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 \$1,331,675 difference are as follows:

| | |
|--|---------------------|
| Capital outlay | \$ 3,140,866 |
| Depreciation expense | <u>(1,809,191)</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>1,331,675</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 \$630,387 difference are as follows:

| | |
|--------------------------|---------------|
| Payment on bonds payable | \$ 580,000 |
| Payment on capital lease | <u>50,387</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> | \$ 630,387 |
|---|------------|

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 \$87,334 difference are as follows:

| | |
|---------------------------------------|-----------------|
| Compensated absences (i.e., vacation) | \$ 4,036 |
| Accrued interest | 7,404 |
| Amortization of deferred charges | (18,559) |
| Pension expense | (28,301) |
| Net OPEB obligation | <u>(51,914)</u> |

| | |
|---|-------------|
| Net adjustment to reduce <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i> | \$ (87,334) |
|---|-------------|

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, 2017 are summarized as follows:

Statement of Net Position:

| | |
|--|---------------|
| Cash and cash equivalents | \$ 20,389,165 |
| | <hr/> |
| | \$ 20,389,165 |
| Cash deposited with financial institutions | \$ 16,263,107 |
| Cash deposited with Georgia fund 1 | 4,126,058 |
| | <hr/> |
| | \$ 20,389,165 |

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, 2017, 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, 2017, 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 | \$ 332,579 | \$ 226,897 | \$ 135,517 | \$ (310,437) | \$ 384,556 |
| SPLOST | - | - | 442,052 | - | 442,052 |
| Capital Projects | - | - | 23,822 | - | 23,822 |
| Nonmajor Governmental | - | 1,752 | - | - | 1,752 |
| Water & Sewer | - | 778,766 | - | (143,658) | 635,108 |
| Sanitation | - | 179,049 | - | (33,773) | 145,276 |
| Nonmajor - Stormwater | - | 54,893 | - | - | 54,893 |
| | <u>\$ 332,579</u> | <u>\$ 1,241,357</u> | <u>\$ 601,391</u> | <u>\$ (487,868)</u> | <u>\$ 1,687,459</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended June 30, 2017 is as follows:

| | Beginning Balance | Increases | Transfers | Ending Balance |
|--|------------------------------|---------------------|--------------------|---------------------------|
| Governmental Activities: | | | | |
| Nondepreciable capital assets: | | | | |
| Land and improvements | \$ 4,767,188 | \$ - | \$ 487,015 | \$ 5,254,203 |
| Construction in progress | <u>2,231,388</u> | <u>1,236,925</u> | <u>(2,956,426)</u> | <u>511,887</u> |
| Total | <u>6,998,576</u> | <u>1,236,925</u> | <u>(2,469,411)</u> | <u>5,766,090</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 17,767,347 | 1,092,003 | - | 18,859,350 |
| Furniture and fixtures | 125,960 | - | - | 125,960 |
| Parks equipment | 4,605,811 | 171,678 | 23,995 | 4,801,484 |
| Vehicles and equipment | 5,103,095 | 301,166 | - | 5,404,261 |
| Infrastructure - streets | <u>18,944,009</u> | <u>339,094</u> | <u>2,445,416</u> | <u>21,728,519</u> |
| Total | <u>46,546,222</u> | <u>1,903,941</u> | <u>2,469,411</u> | <u>50,919,574</u> |
| being depreciated | | | | |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (5,046,606) | (642,386) | - | (5,688,992) |
| Furniture and fixtures | (123,729) | (2,099) | - | (125,828) |
| Parks equipment | (4,053,867) | (162,542) | - | (4,216,409) |
| Vehicles and equipment | (4,038,267) | (301,314) | - | (4,339,581) |
| Infrastructure - streets | <u>(3,110,793)</u> | <u>(700,850)</u> | <u>-</u> | <u>(3,811,643)</u> |
| Total | <u>(16,373,262)</u> | <u>(1,809,191)</u> | <u>-</u> | <u>(18,182,453)</u> |
| Total capital assets, being depreciated, net | <u>30,172,960</u> | <u>94,750</u> | <u>2,469,411</u> | <u>32,737,121</u> |
| Governmental activities capital assets, net | <u>\$ 37,171,536</u> | <u>\$ 1,331,675</u> | <u>\$ -</u> | <u>\$ 38,503,211</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Business-type activities: | | | | |
| Nondepreciable capital assets | | | | |
| Land | \$ 159,077 | \$ - | \$ - | \$ 159,077 |
| Construction in progress | 710,875 | 342,868 | (913,326) | 140,417 |
| Total | <u>869,952</u> | <u>342,868</u> | <u>(913,326)</u> | <u>299,494</u> |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 844,137 | - | - | 844,137 |
| Furniture and fixtures | 46,215 | - | - | 46,215 |
| Utility systems | 17,473,103 | - | 913,326 | 18,386,429 |
| Vehicles and equipment | 1,455,871 | 272,054 | - | 1,727,925 |
| Total | <u>19,819,326</u> | <u>272,054</u> | <u>913,326</u> | <u>21,004,706</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (668,302) | (15,263) | - | (683,565) |
| Furniture and fixtures | (46,215) | - | - | (46,215) |
| Utility systems | (12,703,545) | (423,648) | - | (13,127,193) |
| Vehicles and equipment | (1,139,961) | (76,555) | - | (1,216,516) |
| Total | <u>(14,558,023)</u> | <u>(515,466)</u> | <u>-</u> | <u>(15,073,489)</u> |
| Total capital assets being depreciated, net | <u>5,261,303</u> | <u>(243,412)</u> | <u>913,326</u> | <u>5,931,217</u> |
| Business-type activities capital assets, net | <u>\$ 6,131,255</u> | <u>\$ 99,456</u> | <u>\$ -</u> | <u>\$ 6,230,711</u> |

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

| | | | |
|---|--|--|---------------------|
| Governmental activities: | | | |
| General government | | | \$ 221,368 |
| Public safety | | | 358,928 |
| Public works | | | 836,126 |
| Judicial | | | 44,388 |
| Culture and recreation | | | 346,705 |
| Community development | | | 1,676 |
| Total depreciation expense - governmental activities | | | <u>\$ 1,809,191</u> |
| Business-type activities | | | |
| Water & sewer | | | \$ 489,907 |
| Sanitation | | | 25,559 |
| Total depreciation expense - business-type activities | | | <u>\$ 515,466</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2017 is as follows:

| | Beginning Balance | | Additions | | Reductions | | Ending Balance | | Due Within One Year |
|----------------------------------|------------------------------|-------------------|-----------------------|---------------------|-------------------|--|---------------------------|--|--------------------------------|
| Governmental activities: | | | | | | | | | |
| Revenue bonds payable | \$ 6,290,000 | \$ - | \$ (580,000) | \$ 5,710,000 | \$ 595,000 | | | | |
| Capital lease payable | 232,750 | - | (50,387) | 182,363 | 51,141 | | | | |
| Compensated absences | 177,929 | 168,049 | (172,085) | 173,893 | 99,119 | | | | |
| Net pension liability | 401,899 | 354,066 | (318,290) | 437,675 | - | | | | |
| Net OPEB obligation | 730,419 | 79,765 | (27,851) | 782,333 | - | | | | |
| Governmental activity | | | | | | | | | |
| Long-term liabilities | <u>\$ 7,832,997</u> | <u>\$ 601,880</u> | <u>\$ (1,148,613)</u> | <u>\$ 7,286,264</u> | <u>\$ 745,260</u> | | | | |
| Business-type activities: | | | | | | | | | |
| Loans payable | \$ 574,328 | \$ - | \$ (66,062) | \$ 508,266 | \$ 68,698 | | | | |
| Compensated absences | 63,254 | 75,988 | (73,906) | 65,336 | 37,243 | | | | |
| Net pension liability | 224,589 | 194,252 | (176,333) | 242,508 | - | | | | |
| Net OPEB obligation | 154,627 | 12,920 | (4,511) | 163,036 | - | | | | |
| Business-type activity | | | | | | | | | |
| Long-term liabilities | <u>\$ 1,016,798</u> | <u>\$ 283,160</u> | <u>\$ (320,812)</u> | <u>\$ 979,146</u> | <u>\$ 105,941</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:

| Year Ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|----------------------------|--------------------------|----------------------------|
| 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 | 680,000 | 96,953 | 776,953 |
| 2023-2026 | <u>2,530,000</u> | <u>164,820</u> | <u>2,694,820</u> |
| Total | <u>\$ 5,710,000</u> | <u>\$ 845,386</u> | <u>\$ 6,555,386</u> |

Loans 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, 2017 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:

| Year Ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|--------------------------|-------------------------|--------------------------|
| 2018 | \$ 68,698 | \$ 18,618 | \$ 87,316 |
| 2019 | 71,467 | 15,850 | 87,317 |
| 2020 | 74,328 | 12,989 | 87,317 |
| 2021 | 47,361 | 10,365 | 57,726 |
| 2022 | 39,088 | 8,858 | 47,946 |
| 2023-2027 | <u>207,324</u> | <u>20,364</u> | <u>227,688</u> |
| Total | <u>\$ 508,266</u> | <u>\$ 87,044</u> | <u>\$ 595,310</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Capital Lease

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. As of June 30, 2017 the City has \$267,500 of assets held under capital lease, with associated accumulated depreciation of \$71,333 included in the capital assets. The annual amortization of the leased assets is included as a component of depreciation expense.

The capital lease debt service requirements are as follows:

| | Payment |
|-----------------------|--------------------------|
| Year Ending June 30, | |
| 2018 | \$ 53,500 |
| 2019 | 53,500 |
| 2020 | 53,500 |
| 2021 | <u>26,750</u> |
| Total payments | 187,250 |
| Less interest expense | <u>(4,887)</u> |
| Total principal | <u><u>\$ 182,363</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, 2017 is as follows:

Due to/from other funds:

| Receivable Fund | Payable Fund | Amount |
|------------------------|---------------------|---------------|
| SPLOST Fund | General Fund | \$ 7,584 |

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

The SPLOST 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:

| Transfers In | Transfers Out | Amount |
|-----------------------------|-----------------------|---------------------|
| Capital Projects Fund | Water & Sewer Fund | \$ 1,000,000 |
| Capital Projects Fund | General Fund | 659,337 |
| | | <u>\$ 1,659,337</u> |
| Nonmajor Governmental Funds | General Fund | \$ 672,579 |
| Nonmajor Governmental Funds | Capital Projects Fund | 58,580 |
| | | <u>\$ 731,159</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, 2017, the date of the most recent actuarial valuation, there were 136 participants consisting of the following:

| | |
|---|-----|
| Retirees and beneficiaries currently receiving benefits | 25 |
| Terminated vested participants not yet receiving benefits | 31 |
| Active employees - vested | 37 |
| Active employees - nonvested | 43 |
| Total | 136 |

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 2017, the actuarially determined contribution rate was 5.45% of covered payroll. The City makes all contributions to the Plan. For 2017, the City's contribution to the Plan was \$162,562.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2016.

Actuarial Assumptions

The total pension liability in the January 1, 2016 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, 2016 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, 2016 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:

| Asset class | Target allocation | Long-term expected real rate of return* |
|-----------------------|-------------------|---|
| Domestic equity | 45% | 6.75% |
| International equity | 20% | 7.45 |
| Global fixed income | 5% | 3.30 |
| Domestic fixed income | 20% | 1.75 |
| Real estate | 10% | 4.55 |
| 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, 2017 were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|-----------------------------------|---------------------------------------|---------------------------------------|
| Balances at 6/30/16 | \$ 3,526,127 | \$ 2,899,639 | \$ 626,488 |
| Changes for the year: | | | |
| Service cost | 129,174 | - | 129,174 |
| Interest | 268,392 | - | 268,392 |
| Differences between expected and actual experience | 140,185 | - | 140,185 |
| Contributions—employer | - | 168,902 | (168,902) |
| Net investment income | - | 325,721 | (325,721) |
| Benefit payments, including refunds of employee contributions | (126,016) | (126,016) | - |
| Administrative expense | - | (10,567) | 10,567 |
| Net changes | 411,735 | 358,040 | 53,695 |
| Balances at 6/30/17 | \$ 3,937,862 | \$ 3,257,679 | \$ 680,183 |

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 | \$ 1,252,453 | \$ 680,183 | \$ 207,568 |

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, 2016 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, 2017, the City recognized pension expense of \$205,809. At June 30, 2017, 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 | \$ 130,715 | - |
| Changes in assumptions | - | 11,997 |
| Net difference between projected and actual earnings on pension plan investments | - | 472 |
| City contributions subsequent to the measurement date | <u>121,920</u> | - |
| Total | <u>\$ 252,635</u> | <u>\$ 12,469</u> |

City contributions subsequent to the measurement date of \$121,920 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, 2018. 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:

| | |
|--------------|--------------------------|
| 2018 | \$ 23,653 |
| 2019 | 23,653 |
| 2020 | 41,254 |
| 2021 | 6,321 |
| 2022 | 23,365 |
| Total | <u>\$ 118,246</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, 2017, there are 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

| Fiscal Year Ended June 30, | Annual OPEB Cost (AOPEBC) | Actual OPEB Contribution | Percentage of AOPEBC Contributed | Net OPEB Obligation |
|----------------------------------|---------------------------------|--------------------------------|--|---------------------------|
| 2017 | \$ 92,685 | \$ 32,362 | 34.9 % | \$ 945,369 |
| 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

| | For The Plan Year Ending June 30, 2017 | For The Plan Year Ending June 30, 2016 |
|---|--|--|
| Annual required contribution | \$ 127,558 | \$ 48,755 |
| Interest on net OPEB obligation | 41,667 | 39,663 |
| Adjustments to annual required contribution | <u>(76,540)</u> | <u>(53,785)</u> |
| Annual OPEB cost | 92,685 | 34,633 |
| Contributions made | <u>(32,362)</u> | <u>(59,386)</u> |
| Increase (decrease) in net OPEB obligation | 60,323 | (24,753) |
| Net OPEB obligation, beginning of year | 885,046 | 909,799 |
| Net OPEB obligation, end of year | <u>\$ 945,369</u> | <u>\$ 885,046</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 costs 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, 2017. 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 | \$ 13,807 | \$ 763,896 |
| Sidewalk and pedestrian projects | 88,957 | 65,345 |
| Street and transportation improvements | 203,169 | 355,758 |
| Total | <u>\$ 305,933</u> | <u>\$ 1,184,999</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 |
|--------------------------------|--|---|--|--------------------------------|--------------------------|--------------------------|---------------------------|---|
| | | | Actuarial Liability (UAAL) | Accrued Liability (UAAL) | (a/b) Funded Ratio | | | |
| 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

| | 2017 | 2016 | 2015 |
|---|---------------------|---------------------|---------------------|
| Total pension liability | | | |
| Service cost | \$ 129,174 | \$ 152,063 | \$ 147,966 |
| Interest on total pension liability | 268,392 | 241,997 | 221,191 |
| Differences between expected and actual experience | 140,185 | 17,435 | 4,544 |
| Changes of assumptions | - | - | (23,991) |
| Benefit payments, including refunds of employee contributions | (126,016) | (87,044) | (75,427) |
| Other changes | - | 35,607 | - |
| Net change in total pension liability | 411,735 | 360,058 | 274,283 |
| Total pension liability - beginning | 3,526,127 | 3,166,069 | 2,891,786 |
| Total pension liability - ending (a) | \$ 3,937,862 | \$ 3,526,127 | \$ 3,166,069 |
| Plan fiduciary net position | | | |
| Contributions - employer | \$ 168,902 | \$ 189,890 | \$ 187,392 |
| Net investment income | 325,721 | 28,135 | 277,971 |
| Benefit payments, including refunds of member contributions | (126,016) | (87,044) | (75,427) |
| Administrative expenses | (10,567) | (11,753) | (9,403) |
| Net change in plan fiduciary net position | 358,040 | 119,228 | 380,533 |
| Plan fiduciary net position - beginning | 2,899,639 | 2,780,411 | 2,399,878 |
| Plan fiduciary net position - ending (b) | \$ 3,257,679 | \$ 2,899,639 | \$ 2,780,411 |
| City's net pension liability - ending (a) - (b) | \$ 680,183 | \$ 626,488 | \$ 385,658 |
| Plan fiduciary net position as a percentage of the total pension liability | 82.73% | 82.23% | 87.82% |
| Covered-employee payroll | \$ 3,500,149 | \$ 2,934,029 | \$ 3,353,477 |
| City's net pension liability as a percentage of covered-employee payroll | 19.43% | 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**

| | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|
| Actuarially determined contribution | \$ 162,562 | \$ 171,015 | \$ 176,564 |
| Contributions in relation to the actuarially determined contribution | <u>162,562</u> | <u>171,015</u> | <u>176,564</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 2,982,789 | \$ 3,406,673 | \$ 2,931,666 |
| Contributions as a percentage of covered-employee payroll | 5.45% | 5.02% | 6.02% |

Notes to the Schedule:

(1) Actuarial Assumptions:

| | |
|---------------------------------------|---|
| Valuation Date | January 1, 2016 |
| 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 years |

(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, 2017

| | Budget | | | Variance With Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | Actual | |
| Revenues | | | | |
| Taxes | \$ 5,145,350 | \$ 5,154,350 | \$ 5,431,213 | \$ 276,863 |
| Licenses and permits | 484,000 | 549,590 | 760,908 | 211,318 |
| Intergovernmental | 309,000 | 459,308 | 406,310 | (52,998) |
| Fines and forfeitures | 372,500 | 537,788 | 723,606 | 185,818 |
| Charges for services | 1,099,000 | 1,099,000 | 1,129,759 | 30,759 |
| Interest | 7,500 | 7,500 | 19,775 | 12,275 |
| Contributions and donations | 8,500 | 8,500 | 7,619 | (881) |
| Miscellaneous | 66,500 | 60,500 | 96,870 | 36,370 |
| Total revenues | 7,492,350 | 7,876,536 | 8,576,060 | 699,524 |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Legislative | 169,097 | 168,997 | 135,065 | 33,932 |
| City clerk | 141,426 | 145,732 | 124,966 | 20,766 |
| General administration fees | 694,561 | 744,002 | 593,587 | 150,415 |
| Financial administration | 330,180 | 331,495 | 312,126 | 19,369 |
| Data processing | 212,500 | 217,500 | 211,418 | 6,082 |
| Human resources | 134,309 | 135,409 | 130,270 | 5,139 |
| Total general government | 1,682,073 | 1,743,135 | 1,507,432 | 235,703 |
| Judicial | 248,445 | 357,492 | 309,790 | 47,702 |
| Public safety | 2,955,999 | 3,181,129 | 3,013,551 | 167,578 |
| Public works | 992,420 | 1,015,465 | 835,561 | 179,904 |
| Community development | 714,472 | 871,332 | 798,562 | 72,770 |
| Culture and recreation | 118,466 | 137,558 | 113,189 | 24,369 |
| Total expenditures | 6,711,875 | 7,306,111 | 6,578,085 | 728,026 |
| Excess of revenues over expenditures | 780,475 | 570,425 | 1,997,975 | 1,427,550 |
| Other financing sources (uses) | | | | |
| Proceeds from sale of capital assets | 5,000 | 5,000 | - | (5,000) |
| Transfers in | - | 2,063 | - | (2,063) |
| Transfers out | (1,628,583) | (1,420,895) | (1,331,916) | 88,979 |
| Total other financing sources (uses) | (1,623,583) | (1,413,832) | (1,331,916) | 81,916 |
| Net change in fund balances | (843,108) | (843,407) | 666,059 | 1,509,466 |
| Fund balance, beginning of year | 4,715,637 | 4,715,637 | 4,715,637 | - |
| Fund balance, end of year | \$ 3,872,529 | \$ 3,872,230 | \$ 5,381,696 | \$ 1,509,466 |

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 | \$ 7,816,060 |
| Indirect Cost Revenues | <u>760,000</u> |
| Revenues, Budgetary Basis | 8,576,060 |
| Expenditures GAAP Basis | 5,818,085 |
| Indirect Cost Expenditures | <u>760,000</u> |
| Expenditures, Budgetary Basis | <u>6,578,085</u> |
| Excess of revenues Over Expenditures, Budgetary Basis | \$ <u>1,997,975</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, 2017

| | Special Revenue Fund | Debt Service Fund | Total Nonmajor Governmental Funds |
|--------------------------------------|----------------------------|---|--|
| | Police Seizure Fund | Downtown Development Authority Fund | |
| | ASSETS | | |
| Cash and cash equivalents | \$ 18,615 | \$ - | \$ 18,615 |
| Accounts receivable | 1,752 | - | 1,752 |
| Total assets | <u>\$ 20,367</u> | <u>\$ -</u> | <u>\$ 20,367</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 175 | \$ - | \$ 175 |
| Total liabilities | <u>175</u> | <u>-</u> | <u>175</u> |
| FUND BALANCES | | | |
| Restricted: | | | |
| Law enforcement | <u>20,192</u> | <u>-</u> | <u>20,192</u> |
| Total fund balances | <u>20,192</u> | <u>-</u> | <u>20,192</u> |
| Total liabilities and fund balances | <u>\$ 20,367</u> | <u>\$ -</u> | <u>\$ 20,367</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, 2017**

| | Special Revenue Fund | Debt Service Fund | | Total Nonmajor Governmental Funds | |
|---|-------------------------|---|---|--|--|
| | | Downtown Development Authority Fund | | | |
| | | Police Seizure Fund | | | |
| REVENUES | | | | | |
| Fines and forfeitures | \$ 2,250 | \$ - | | \$ 2,250 | |
| Interest income | 33 | - | | 33 | |
| Total revenues | 2,283 | - | | 2,283 | |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Public safety | 54,215 | | - | 54,215 | |
| Debt service: | | | | | |
| Principal retirements | - | 580,000 | | 580,000 | |
| Interest | - | 191,730 | | 191,730 | |
| Total expenditures | 54,215 | 771,730 | | 825,945 | |
| Excess (deficiency) of revenues over expenditures | (51,932) | (771,730) | | (823,662) | |
| OTHER FINANCING SOURCES | | | | | |
| Transfers in | - | 731,159 | | 731,159 | |
| Total other financing sources | - | 731,159 | | 731,159 | |
| Net change in fund balances | (51,932) | (40,571) | | (92,503) | |
| FUND BALANCES, beginning of year | 72,124 | 40,571 | | 112,695 | |
| FUND BALANCES, end of year | \$ 20,192 | \$ - | | \$ 20,192 | |

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, 2017**

| | Budget | | Actual | Variance With Final Budget |
|--|------------------|------------------|------------------|---------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Fines & forfeitures | \$ 1,500 | \$ 2,250 | \$ 2,250 | \$ - |
| Interest | 10 | 10 | 33 | 23 |
| Total revenues | 1,510 | 2,260 | 2,283 | 23 |
| EXPENDITURES | | | | |
| Public safety | 4,510 | 58,634 | 54,215 | 4,419 |
| Net change in fund balances | (3,000) | (56,374) | (51,932) | 4,442 |
| FUND BALANCE, beginning of year | 72,124 | 72,124 | 72,124 | - |
| FUND BALANCE, end of year | \$ 69,124 | \$ 15,750 | \$ 20,192 | \$ 4,442 |

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, 2017**

| | Budget | | Variance With Final Budget |
|--|------------------|----------------|---------------------------------------|
| | Original | Final | |
| EXPENDITURES | | | |
| Debt service: | | | |
| Principal | 580,000 | 580,000 | 580,000 |
| Interest | 263,121 | 192,770 | 191,730 |
| Total expenditures | <u>843,121</u> | <u>772,770</u> | <u>771,730</u> |
| Deficiency of revenues over expenditures | (843,121) | (772,770) | (771,730) |
| | | | (1,040) |
| OTHER FINANCING SOURCES | | | |
| Transfers in | 843,121 | 732,199 | 731,159 |
| Total other financing sources | <u>843,121</u> | <u>732,199</u> | <u>731,159</u> |
| Net change in fund balances | - | (40,571) | (40,571) |
| FUND BALANCE, beginning of year | <u>40,571</u> | <u>40,571</u> | <u>40,571</u> |
| FUND BALANCE, end of year | <u>\$ 40,571</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF POWDER SPRINGS, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2017**

| <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 800 MHz Radios | \$ 13,212,326 281,340 | \$ 11,966,561 266,157 | \$ 11,966,432 266,157 | \$ 129 - | \$ 11,966,561 266,157 |
| | <u>\$ 13,493,666</u> | <u>\$ 12,232,718</u> | <u>\$ 12,232,589</u> | <u>\$ 129</u> | <u>\$ 12,232,718</u> |
| 2012 SPLOST Program: | | | | | |
| General Street Improvements | \$ 1,629,906 | \$ 1,629,906 | \$ 1,587,527 | \$ 28,819 | \$ 1,616,346 |
| Resurfacing | 1,677,921 | 1,583,220 | 1,304,269 | 162,812 | 1,467,081 |
| Bridge Improvements | 2,593,000 | 2,201,000 | 2,200,167 | - | 2,200,167 |
| Sidewalk Improvements | 1,396,000 | 1,464,120 | 664,248 | 799,872 | 1,464,120 |
| Facilities Improvements | 1,630,000 | 2,688,609 | 2,639,233 | 9,780 | 2,649,013 |
| Public Safety Improvements | 251,771 | 193,162 | 193,162 | - | 193,162 |
| Powder Springs Park | 1,500,000 | 1,500,000 | 412,974 | 1,087,026 | 1,500,000 |
| Total | <u>\$ 10,678,598</u> | <u>\$ 11,260,017</u> | <u>\$ 9,001,580</u> | <u>\$ 2,088,309</u> | <u>\$ 11,089,889</u> |
| 2016 SPLOST Program: | | | | | |
| General Street Improvements | \$ 804,120 | \$ 804,120 | \$ 6,004 (1) | \$ 4,831 | \$ 10,835 |
| Resurfacing | 6,000,000 | 6,000,000 | 13,149 | 321,876 | 335,025 |
| Parks and Recreation Improvements | 750,000 | 750,000 | 29,334 | 130,138 | 159,472 |
| Streetscapes | 1,327,600 | 1,327,600 | 77,941 (1) | 65,469 | 143,410 |
| Facilities Improvements | 750,000 | 750,000 | 6,060 | 182,865 | 188,925 |
| Public Safety Improvements | 750,000 | 750,000 | 119,268 | 244,214 | 363,482 |
| Intersection Improvements | 3,850,000 | 3,850,000 | 8,668 | 40,570 | 49,238 |
| Total | <u>\$ 14,231,720</u> | <u>\$ 14,231,720</u> | <u>\$ 260,424</u> | <u>\$ 989,963</u> | <u>\$ 1,250,387</u> |
| | | | Total SPLOST Fund outlays | <u>\$ 3,078,401</u> | |

(1) - The PY schedule included \$22,648 of expenditures in General Street Improvements that should have been included in Streetscapes. The beginning balances in the current schedule show the \$22,648 as if it were properly classified in FY 16.

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.

| | <u>Page</u> |
|---|-------------|
| 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)

| | 2017 | 2016 | 2015 | 2014 (1) | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 32,777,884 | \$ 30,834,381 | \$ 28,730,880 | \$ 26,057,109 | \$ 23,297,545 | \$ 19,786,418 | \$ 19,063,683 | \$ 18,465,318 | \$ 17,988,722 | \$ 18,252,541 |
| Restricted | 3,106,338 | 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 |
| Unrestricted | 6,942,580 | 5,930,220 | 5,247,724 | 4,850,088 | 4,497,623 | 3,340,628 | 2,640,321 | 2,697,837 | 2,745,527 | 436,907 |
| Total governmental activities net position | <u>\$ 42,826,802</u> | <u>\$ 38,956,497</u> | <u>\$ 36,478,923</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>\$ 21,494,987</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 5,722,445 | \$ 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 |
| Restricted | - | - | - | - | - | - | - | - | 2,276,071 | 2,213,743 |
| Unrestricted | 7,513,651 | 7,371,928 | 6,668,373 | 5,734,790 | 4,831,985 | 3,644,991 | 3,337,765 | 3,296,448 | 1,134,459 | 1,384,761 |
| Total business-type activities net position | <u>\$ 13,236,096</u> | <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> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 38,590,329 | \$ 36,391,308 | \$ 33,995,292 | \$ 31,293,137 | \$ 28,827,151 | \$ 25,473,146 | \$ 25,164,504 | \$ 24,914,689 | \$ 24,450,635 | \$ 24,333,830 |
| Restricted | 3,106,338 | 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 |
| Unrestricted | 14,456,231 | 13,302,148 | 11,916,097 | 10,584,878 | 9,328,608 | 6,985,619 | 5,978,086 | 5,984,285 | 3,879,986 | 1,821,668 |
| Total primary government net position | <u>\$ 56,062,898</u> | <u>\$ 51,855,352</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>\$ 34,356,488</u> | <u>\$ 33,145,667</u> | <u>\$ 31,224,750</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
(baccul basis of accounting)

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 1,015,287 | \$ 1,241,193 | \$ 881,610 | \$ 900,533 | \$ 760,497 | \$ 1,113,494 | \$ 1,045,622 | \$ 1,420,608 | \$ 1,294,648 | \$ 1,352,686 |
| Judicial | 352,753 | 241,622 | 154,306 | 151,596 | 428,709 | - | - | - | - | - |
| Public safety | 3,231,902 | 3,324,112 | 2,888,898 | 2,482,731 | 3,072,667 | 2,499,557 | 2,801,692 | 3,077,897 | 3,380,650 | 3,260,209 |
| Public works | 2,094,427 | 1,950,695 | 1,499,231 | 1,742,675 | 2,065,730 | 1,228,591 | 1,871,778 | 1,611,057 | 908,462 | 1,104,408 |
| Community development | 923,634 | 757,122 | 735,300 | 580,648 | 485,271 | 633,252 | 635,434 | 785,004 | 801,439 | 1,070,261 |
| Culture and recreation | 551,055 | 411,631 | 290,317 | 408,830 | 258,969 | 79,266 | 218,853 | 505,801 | 569,551 | 629,301 |
| Health and welfare | - | - | - | - | - | 43,497 | 71,221 | 41,658 | 15,951 | 13,828 |
| Interest on long-term debt | 205,988 | 189,011 | 352,974 | 305,452 | 336,412 | 325,017 | 511,573 | 386,549 | 404,956 | 423,634 |
| Total governmental activities expenses | <u>8,375,056</u> | <u>8,055,386</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>7,355,660</u> | <u>7,854,327</u> |
| Business-type activities: | | | | | | | | | | |
| Water & Sewer | 5,453,734 | 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 |
| Solid waste | 1,215,260 | 1,037,995 | 904,705 | 977,570 | 974,543 | 1,111,782 | 1,101,621 | 1,135,465 | 1,008,274 | 1,077,369 |
| Stormwater | 238,174 | 468,945 | 415,465 | 306,187 | 155,966 | - | - | - | - | - |
| Total business-type activities expenses | <u>6,907,168</u> | <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> |
| Total primary government expenses | <u>\$ 15,292,224</u> | <u>\$ 14,756,831</u> | <u>\$ 13,182,628</u> | <u>\$ 12,979,856</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> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 1,142,915 | \$ 1,029,994 | \$ 906,669 | \$ 218,981 | \$ 236,510 | \$ 286,222 | \$ 332,228 | \$ 342,706 | \$ 389,740 | \$ 478,845 |
| Judicial | 719,897 | 411,287 | 288,380 | 346,764 | 438,947 | - | - | - | - | - |
| Public safety | 140,997 | 104,588 | 76,391 | 109,080 | 84,753 | 383,850 | 585,064 | 733,208 | 644,562 | 97,195 |
| Public works | - | - | - | 336,007 | 345,445 | 341,509 | 316,589 | 300,523 | 289,420 | 222,101 |
| Community development | - | - | - | 44,705 | 46,559 | 125,018 | 142,654 | 133,811 | 114,743 | 88,927 |
| Culture and recreation | 269,535 | 82,599 | 162,300 | 62,312 | - | 29,024 | 16,942 | 20,050 | 18,300 | 26,095 |
| Operating grants and contributions | 420,132 | 313,340 | 494,788 | 331,244 | 452,090 | 11,163 | 45,363 | - | - | - |
| Capital grants and contributions | 3,022,374 | 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 |
| Total governmental activities program revenues | <u>5,715,850</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water & Sewer | 6,486,799 | 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 |
| Solid waste | 1,322,697 | 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 |
| Stormwater | 395,637 | 452,213 | 362,539 | 362,579 | 367,708 | - | - | - | - | - |
| Capital grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Total business-type activities program revenues | <u>\$ 8,205,133</u> | <u>\$ 7,655,813</u> | <u>\$ 7,371,003</u> | <u>\$ 7,112,062</u> | <u>\$ 6,939,732</u> | <u>\$ 5,588,932</u> | <u>\$ 5,056,701</u> | <u>\$ 5,106,773</u> | <u>\$ 4,994,659</u> | <u>\$ 4,721,711</u> |
| Total primary government program revenues | <u>\$ 13,920,983</u> | <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>\$ 9,356,053</u> |

CITY OF POWDER SPRINGS, GEORGIA
CHANGES IN NET POSITION
LAST TEN YEARS
 (accrual basis of accounting)

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ (2,659,206) | \$ (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) |
| Business-type activities | 1,297,965 | 994,368 | 961,011 | 714,672 | 970,691 | (122,598) | (313,448) | (165,357) | 70,925 | (164,593) |
| Total primary government net (expense) revenue | <u>\$ (1,361,241)</u> | <u>\$ (1,879,536)</u> | <u>\$ (794,366)</u> | <u>\$ (1,599,321)</u> | <u>\$ (2,124,920)</u> | <u>\$ (2,232,485)</u> | <u>\$ (3,917,526)</u> | <u>\$ (4,251,925)</u> | <u>\$ (3,681,355)</u> | <u>\$ (3,381,578)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 3,497,167 | \$ 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 |
| Insurance premium taxes | 870,066 | 803,212 | 751,797 | 719,081 | 694,492 | 653,845 | 671,875 | 691,986 | 698,539 | 682,198 |
| Excise taxes | 255,393 | 241,608 | 249,618 | 238,301 | 244,182 | 301,161 | 241,680 | 249,451 | 278,121 | 248,079 |
| Franchise taxes | 693,494 | 721,082 | 729,939 | 675,157 | 760,074 | 722,554 | 739,619 | 705,119 | 700,127 | 678,198 |
| Other taxes | 109,088 | 174,617 | 78,788 | 355,407 | 344,639 | (1) | - | - | - | - |
| Gain on sale of capital assets | - | - | - | - | - | 15,493 | - | 28,830 | 151,866 | 8,000 |
| Operating Grants | - | - | - | - | - | 128,522 | 131,817 | 143,736 | 144,575 | - |
| Unrestricted Investment Earnings | 19,814 | 9,548 | 5,588 | 4,648 | 7,158 | 2,828 | 3,490 | 51,494 | 140,429 | 395,789 |
| Settlement Proceeds | - | - | - | - | - | - | - | - | - | 16,000 |
| Miscellaneous | 104,489 | 89,062 | 202,621 | 25,893 | 24,820 | - | - | - | - | - |
| Transfers | 1,000,000 | - | - | - | - | 798 | - | - | - | - |
| Total governmental activities | <u>\$ 6,529,511</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Unrestricted Investment Earnings | - | - | - | - | - | - | - | - | - | - |
| Gain on sale of capital assets | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 5,700 | - | - | - | - | - | - | - | - | - |
| Transfers | (1,000,000) | 1,702 | 956 | 802 | 5,718 | 2,731 | 6,215 | 17,999 | 71,725 | 123,957 |
| Total business-type activities | <u>\$ (990,724)</u> | <u>\$ 5,352,180</u> | <u>\$ 5,219,657</u> | <u>\$ 5,112,771</u> | <u>\$ 4,880,881</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> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 3,870,305 | \$ 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 |
| Business-type activities | 307,241 | 996,070 | 961,967 | 715,474 | 981,712 | (119,867) | (307,233) | (126,624) | 142,650 | (40,636) |
| Total primary government | <u>\$ 4,177,546</u> | <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> |

(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 | | Alcoholic Beverage | Intangible | Franchise | Total |
|------------------------------------|-----------------|---------------|-----------|---------|-----------------------|------------|-----------|-------|
| | | | Premium | | | | | |
| 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 | |
| 2017 | 3,451,159 | 76,301 | 870,066 | 235,393 | 78,795 | 693,494 | 5,405,208 | |
| Percentage change over 10 years | | 11.4% | -72.2% | 27.5% | -5.1% | 57.8% | 2.3% | 7.5% |

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

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 (1) | 2010 | 2009 | 2008 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,921,670 |
| Unreserved | 282,927 | 261,093 | 249,482 | 250,533 | 212,744 | 174,395 | 317,155 | 2,193,849 | 1,565,505 | (483,776) |
| Nonspendable | 1,330 | 1,323 | 190,052 | - | - | 170,727 | 149,431 | - | - | - |
| Restricted | - | 818,563 | 700,365 | 497,932 | 254,500 | 5,115 | 5,317 | - | - | - |
| Assigned | 5,097,439 | 3,634,638 | 3,851,796 | 4,513,986 | 4,136,152 | 3,448,575 | 2,718,530 | - | - | - |
| Unassigned | | | | | | | | | | |
| Total General Fund | <u>\$ 5,381,696</u> | <u>\$ 4,715,637</u> | <u>\$ 4,991,695</u> | <u>\$ 5,282,451</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> |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| SPLOST Fund | - | - | - | - | - | - | - | 1,423,120 | 2,447,077 | 1,048,213 |
| Capital projects funds | - | - | - | - | - | - | - | 3,162,798 | 477,959 | (5,866) |
| Capital projects funds | 102,655 | 1,128,692 | 1,169,848 | 882,428 | 562,500 | - | - | - | - | - |
| Nonspendable | 2,582,509 | 1,125,497 | 395,254 | - | - | - | - | - | - | - |
| Assigned | 3,105,008 | 2,190,573 | 2,311,267 | 1,936,470 | 2,651,150 | 5,465,544 | 4,399,248 | - | - | - |
| Restricted | | | | | | | | | | |
| Total all other governmental funds | <u>\$ 5,790,172</u> | <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> |

(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)

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---------------------|-------------------|-------------------|-------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 5,431,213 | \$ 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 |
| Licenses and permits | 760,908 | 655,629 | 546,563 | 176,870 | 168,420 | 426,321 | 423,361 | 370,705 | 406,026 | 497,912 |
| Intergovernmental | 3,408,684 | 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 |
| Fines and forfeitures | 725,856 | 443,825 | 289,037 | 375,698 | 444,098 | 371,840 | 567,361 | 648,872 | 522,914 | 739,117 |
| Charges for services | 790,289 | 500,927 | 597,374 | 433,822 | 402,314 | 337,106 | 307,382 | 300,523 | 289,420 | 222,101 |
| Interest income | 19,814 | 9,548 | 5,588 | 5,006 | 10,100 | 7,283 | 12,769 | 51,484 | 140,429 | 395,789 |
| Miscellaneous | 124,489 | 89,062 | 50,233 | 165,794 | 163,144 | 90,437 | 89,664 | 215,709 | 234,553 | 448,415 |
| Total revenues | <u>11,261,253</u> | <u>10,521,490</u> | <u>10,003,547</u> | <u>9,615,703</u> | <u>8,954,091</u> | <u>8,567,336</u> | <u>8,555,467</u> | <u>9,044,675</u> | <u>8,922,584</u> | <u>10,134,464</u> |
| Expenditures | | | | | | | | | | |
| General government | 909,670 | 883,035 | 803,433 | 702,491 | 582,917 | 758,824 | 809,992 | 974,018 | 1,153,712 | 1,342,324 |
| Judicial | 309,790 | 192,925 | 145,070 | 147,080 | 435,750 | - | - | - | - | - |
| Public safety | 3,258,480 | 3,314,595 | 2,930,581 | 2,426,416 | 2,907,462 | 2,469,425 | 2,562,163 | 2,947,027 | 3,054,098 | 3,134,967 |
| Public works | 2,423,869 | 2,632,913 | 2,137,294 | 3,014,287 | 2,314,446 | 580,883 | 882,172 | 929,855 | 1,060,445 | 1,235,659 |
| Community development | 903,150 | 725,680 | 719,860 | 567,966 | 595,807 | 620,910 | 640,822 | 692,356 | 788,566 | 1,014,954 |
| Culture and recreation | 218,999 | 153,103 | 134,372 | 246,712 | 159,354 | 79,266 | 90,956 | 86,028 | 93,237 | 1,643,149 |
| Health and welfare | - | - | - | - | - | 43,497 | 55,095 | 21,319 | 15,110 | 356,615 |
| Capital outlay | 1,400,596 | 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 |
| Debt service | 630,387 | 584,914 | 515,000 | 475,000 | 455,000 | 476,553 | 530,802 | 582,469 | 595,459 | 397,403 |
| Principal retirements | | | | | | | | | | |
| Interest and fiscal charges | | | | | | | | | | |
| and cost of issuance | 194,843 | 218,174 | 328,086 | 313,322 | 343,872 | 349,063 | 366,489 | 386,549 | 404,935 | 415,747 |
| Total expenditures | <u>10,249,784</u> | <u>10,504,068</u> | <u>9,525,066</u> | <u>9,556,814</u> | <u>10,737,418</u> | <u>6,908,154</u> | <u>9,431,065</u> | <u>9,343,227</u> | <u>7,987,503</u> | <u>15,824,325</u> |
| Excess (deficiency) of revenues over expenditures | 1,011,469 | 17,422 | 558,481 | 258,889 | (1,783,327) | 1,659,182 | (845,598) | (298,552) | 935,081 | (5,689,861) |
| Other financing sources (uses) | | | | | | | | | | |
| Issuance of long-term debt | - | 257,664 | 3,335,000 | 5,414 | 146,898 | - | - | - | 61,420 | 220,995 |
| Proceeds from sale of capital assets | - | 17,249 | 152,388 | - | 15,493 | - | - | 28,830 | 151,866 | 8,000 |
| Settlement Proceeds | - | - | - | (3,259,154) | - | - | - | - | - | 16,000 |
| Payment to refunding bond escrow agent | - | - | - | 1,509,412 | 1,227,302 | 1,041,151 | - | 4,227,694 | 930,662 | 6,834,756 |
| Transfers in | 2,390,496 | 1,509,412 | 1,767,220 | (1,227,302) | (1,040,353) | - | - | (4,227,694) | (930,662) | (6,834,756) |
| Transfers out | (1,390,496) | (1,509,412) | (1,767,220) | 274,913 | 28,234 | 5,414 | 147,966 | - | 28,830 | 213,286 |
| Total other financing sources (uses) | <u>1,000,000</u> | <u>292,335</u> | <u>\$ 786,715</u> | <u>\$ 264,303</u> | <u>\$ (1,635,631)</u> | <u>\$ 1,674,675</u> | <u>\$ (845,598)</u> | <u>\$ (269,722)</u> | <u>\$ 1,148,367</u> | <u>\$ (5,444,866)</u> |
| Net change in fund balances | <u>\$ 2,011,469</u> | <u>\$ 292,335</u> | <u>\$ 786,715</u> | <u>\$ 264,303</u> | <u>\$ (1,635,631)</u> | <u>\$ 1,674,675</u> | <u>\$ (845,598)</u> | <u>\$ (269,722)</u> | <u>\$ 1,148,367</u> | <u>\$ (5,444,866)</u> |
| Debt service as a percentage of noncapital expenditures | 11.6% | 11.7% | 14.4% | 20.0% | 12.1% | 15.3% | 15.2% | 14.6% | 14.0% | 8.5% |

CITY OF POWDER SPRINGS, GEORGIA

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

| Fiscal Year | Residential Property | Commercial Property | Industrial Property | Less: | | Total Taxable Assessed Value | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|-------------|----------------------|---------------------|---------------------|--------------|---------------|------------------------------|--------------------------------|--|
| | | | | Property (1) | Real Property | | | |
| 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 |
| 2009 | 320,621,864 | 105,057,948 | 7,984,989 | 38,452,367 | 1,667,042 | 470,480,126 | 8,500 | 1,176,150,315 |
| 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 |
| 2011 | 251,879,253 | 99,113,782 | 7,319,072 | 34,145,569 | 3,024,103 | 389,429,573 | 8,500 | 973,573,933 |
| 2012 | 228,758,892 | 91,789,641 | 7,153,550 | 33,963,415 | 3,044,034 | 358,621,464 | 8,500 | 896,553,660 |
| 2013 | 193,035,041 | 97,654,149 | 6,579,762 | 33,982,178 | 6,764,956 | 324,486,174 | 8,500 | 811,215,435 |
| 2014 | 185,387,966 | 100,020,754 | 6,339,141 | 36,335,060 | 12,540,943 | 315,591,978 | 8,500 | 788,979,945 |
| 2015 | 205,395,323 | 100,319,231 | 6,236,947 | 33,113,218 | 23,397,864 | 321,666,855 | 8,500 | 804,167,138 |
| 2016 | 236,181,400 | 95,825,169 | 5,698,954 | 25,796,959 | 17,595,379 | 345,907,103 | 8,500 | 864,767,758 |
| 2017 | 264,306,391 | 97,012,606 | 5,288,598 | 21,183,422 | 16,256,543 | 371,534,474 | 8,500 | 928,836,185 |

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 | |
| 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 |
| 2017 | 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 | 2017 | | | 2008 | | |
|-----------------------------------|---------------------------------------|-------------|---|---------------------------------------|-------------|---|
| | Taxable Assessed Value | Rank | Percentage of Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Taxable Assessed Value |
| HD Development of Maryland Inc. | \$ 4,213,704 | 1 | 1.134 % | \$ - | - | - % |
| Powder Springs Macland Retail LLC | 4,121,196 | 2 | 1.109 | - | - | - |
| Kroger Company | 3,570,278 | 3 | 0.961 | 2,445,360 | 6 | 0.549 |
| Powder Springs Abbington Trail LP | 2,906,628 | 4 | 0.782 | - | - | - |
| Home Depot #6940 | 1,918,886 | 5 | 0.516 | 4,106,556 | 2 | 0.923 |
| Foster W M | 1,880,000 | 6 | 0.506 | 2,668,736 | 4 | 0.600 |
| Carter Lumber of the South | 1,829,985 | 7 | 0.493 | - | - | - |
| Weingarten Realty Investors | 1,821,480 | 8 | 0.490 | 2,711,760 | 3 | 0.609 |
| Hussman Services Corporation | 1,536,586 | 9 | 0.414 | - | - | - |
| MM&A LLC | 1,422,800 | 10 | 0.383 | - | - | - |
| Sembler Family Partnership | - | - | - | 5,412,560 | 1 | 1.216 |
| 3380 Florence Road LLC | - | - | - | 2,520,000 | 5 | 0.566 |
| Principal Life Insurance Company | - | - | - | 1,474,920 | 7 | 0.331 |
| Standex Air Distribution Products | - | - | - | 1,366,680 | 8 | 0.307 |
| Sweetwater Financial Group | - | - | - | 974,680 | 9 | 0.219 |
| Walgreens | - | - | - | 859,780 | 10 | 0.193 |
| Total Principal Taxpayers | 25,221,543 | | 6.788 | 24,541,032 | | 5.514 |
| All Other Taxpayers | 346,312,931 | | 93.212 | 420,547,831 | | 94.49 |
| | <u>\$ 371,534,474</u> | | <u>100.000 %</u> | <u>\$ 445,088,863</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 |
| 2008 | 3,056,073 | 2,971,048 | 97.22 | 70,932 | 3,041,980 | 99.54 |
| 2009 | 3,283,867 | 3,146,542 | 95.82 | 118,891 | 3,265,433 | 99.44 |
| 2010 | 3,221,287 | 2,932,944 | 91.05 | 262,225 | 3,195,169 | 99.19 |
| 2011 | 2,910,203 | 2,599,174 | 89.31 | 257,849 | 2,857,023 | 98.17 |
| 2012 | 2,615,610 | 2,405,060 | 91.95 | 110,761 | 2,515,821 | 96.18 |
| 2013 | 2,333,938 | 2,286,170 | 97.95 | 33,631 | 2,319,801 | 99.39 |
| 2014 | 2,334,252 | 2,257,954 | 96.73 | 76,298 | 2,334,252 | 100.00 |
| 2015 | 2,466,123 | 2,379,309 | 96.48 | 82,008 | 2,461,317 | 99.81 |
| 2016 | 2,882,928 | 2,682,434 | 93.05 | 101,226 | 2,783,660 | 96.56 |
| 2017 | 2,943,071 | 2,931,952 | 99.62 | - | 2,931,952 | 99.62 |

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 |
| 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 |
| 2013 | 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 |
| | 7.16 | >50,001 | 5.75 | 7.16 | >50,001 | 5.75 |
| 2014 | 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 |
| 2015 | 7.16 | 10,001-20,000 | 5.57 | 7.16 | 10,001-20,000 | 5.57 |
| | 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 |
| 2016 | 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 |
| 2017 | 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 |
| | 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 |
| | 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 |
| 2008 | 10.84 | | 5.42 |
| 2009 | 10.84 | | 5.42 |
| 2010 | 11.14 | | 5.57 |
| 2011 | 11.58 | | 5.79 |
| 2012 | 7.44 | 0-2,000 | 6.53 |
| | 7.44 | 2,001-5,000 | 6.89 |
| | 7.44 | >5,001 | 7.25 |
| 2013 | 7.44 | 0-2,000 | 6.53 |
| | 7.44 | 2,001-5,000 | 6.89 |
| | 7.44 | >5,001 | 7.25 |
| 2014 | 7.44 | 0-2,000 | 6.53 |
| | 7.44 | 2,001-5,000 | 6.89 |
| | 7.44 | >5,001 | 7.25 |
| 2015 | 7.44 | 0>2000 | 6.53 |
| | 7.44 | 2001>5000 | 6.89 |
| | 7.44 | >5001 | 7.25 |
| 2016 | 7.44 | 0>2000 | 6.53 |
| | 7.44 | 2001>5000 | 6.89 |
| | 7.44 | >5001 | 7.25 |
| 2017 | 7.44 | 0>2000 | 6.53 |
| | 7.44 | 2001>5000 | 6.89 |
| | 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 | | | | |
| | | | Water | | Sewer | | Water | | Sewer | | |
| | | | Base Rate | Usage Rate | Base Rate | Usage Rate | Base Rate | Usage Rate | Base Rate | Usage Rate | |
| 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 | | |
| | | 2,001-6,000 | 8.62 | 4.31 | 11.14 | 5.57 | 13.28 | 4.37 | 12.00 | 6.00 | |
| | | 6,001-15,000 | 8.62 | 5.34 | 11.14 | 5.57 | 13.28 | 5.41 | 12.00 | 6.00 | |
| | | >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 | | |
| | | 2,001-6,000 | 9.30 | 4.65 | 11.58 | 5.79 | 13.58 | 4.70 | 12.34 | 6.17 | |
| | | 6,001-15,000 | 9.30 | 5.76 | 11.58 | 5.79 | 13.58 | 5.83 | 12.34 | 6.17 | |
| | | >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 | | |
| | | 2,001-6,000 | 9.30 | 4.65 | 11.58 | 5.79 | 13.58 | 4.70 | 12.34 | 6.17 | |
| | | 6,001-15,000 | 9.30 | 5.76 | 11.58 | 5.79 | 13.58 | 5.83 | 12.34 | 6.17 | |
| | | >15,001 | 9.30 | 6.36 | 11.58 | 5.79 | 13.58 | 6.96 | 12.34 | 6.17 | |
| Jul - Mar | 746,490 | 2,001-6,000 | 9.30 | | 11.58 | | 13.58 | | 12.34 | | |
| | | 6,001-15,000 | 9.30 | 4.65 | 11.58 | 5.79 | 13.58 | 4.70 | 12.34 | 6.17 | |
| | | >15,001 | 9.30 | 5.76 | 11.58 | 5.79 | 13.58 | 5.83 | 12.34 | 6.17 | |
| | | 263,032,184 | 9.30 | 6.86 | 11.58 | 5.79 | 13.58 | 6.96 | 12.34 | 6.17 | |
| 2012 | 205,597 | <2,000 | 7.16 | | 7.44 | | 7.16 | | 7.44 | | |
| | | 2,001-5,000 | 7.16 | 4.75 | 7.44 | 6.89 | 7.16 | 4.75 | 7.44 | 6.89 | |
| | | 5,001-10,000 | 7.16 | 5.00 | 7.44 | 7.25 | 7.16 | 5.00 | 7.44 | 7.25 | |
| | | >10,001-20,000 | 7.16 | 5.25 | 7.44 | 7.25 | 7.16 | 5.25 | 7.44 | 7.25 | |
| Apr - Jun | 2,000,605 | 20,001-50,000 | 7.16 | 5.50 | 7.44 | 7.25 | 7.16 | 5.50 | 7.44 | 7.25 | |
| | | >50,001 | 7.16 | 5.75 | 7.44 | 7.25 | 7.16 | 5.75 | 7.44 | 7.25 | |
| | | 205,597 | 0-2,000 | 7.16 | 4.50 | 7.44 | 6.53 | 7.16 | 4.50 | 7.44 | 6.53 |
| | | 2,001-5,000 | 7.16 | 4.75 | 7.44 | 6.89 | 7.16 | 4.75 | 7.44 | 6.89 | |
| 2013 | 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 | 2,000,605 | 0-2,000 | 7.16 | 4.77 | 7.44 | 6.53 | 7.16 | 4.77 | 7.44 | 6.53 | |
| | | 2,001-5,000 | 7.16 | 5.04 | 7.44 | 6.89 | 7.16 | 5.04 | 7.44 | 6.89 | |
| | | 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 |
| 2014 | 12,359,769 | 20,001-50,000 | 7.16 | 5.83 | 7.44 | 7.25 | 7.16 | 5.83 | 7.44 | 7.25 | |
| | | >50,001 | 7.16 | 6.10 | 7.44 | 7.25 | 7.16 | 6.10 | 7.44 | 7.25 | |
| | | 10,507,471 | 0-2,000 | 7.16 | 4.77 | 7.44 | 6.53 | 7.16 | 4.77 | 7.44 | 6.53 |
| | | 2,001-5,000 | 7.16 | 5.04 | 7.44 | 6.89 | 7.16 | 5.04 | 7.44 | 6.89 | |
| 2014 | 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 | |
| | | 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 |
| 2014 | 50,912,049 | 20,001-50,000 | 7.16 | 6.06 | 7.44 | 7.25 | 7.16 | 6.06 | 7.44 | 7.25 | |
| | | >50,001 | 7.16 | 6.34 | 7.44 | 7.25 | 7.16 | 6.34 | 7.44 | 7.25 | |
| | | 4,777,202 | 0-2,000 | 7.16 | 4.96 | 7.44 | 6.53 | 7.16 | 4.96 | 7.44 | 6.53 |
| | | 7,373,112 | 2,001-5,000 | 7.16 | 5.24 | 7.44 | 6.89 | 7.16 | 5.24 | 7.44 | 6.89 |
| 2015 | 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 | |
| | | 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 |
| 2015 | 49,952,628 | 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 |
| | | 68,333,988 | 0-2,000 | 7.16 | 5.37 | 7.44 | 6.53 | 7.16 | 5.37 | 7.44 | 6.53 |
| | | 2,001-5,000 | 7.16 | 5.67 | 7.44 | 6.89 | 7.16 | 5.67 | 7.44 | 6.89 | |
| 2015 | 32,680,470 | 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 |
| | | 62,866,525 | >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 | |
| | | 2,001-5,000 | 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 |
| 2016 | 32,680,470 | 20001-50000 | 7.16 | 6.55 | 7.44 | 7.25 | 7.16 | 6.55 | 7.44 | 7.25 | |
| | | 16,959,807 | >50000 | 7.16 | 6.85 | 7.44 | 7.25 | 7.16 | 6.85 | 7.44 | 7.25 |
| | | 134,280,290 | 0-2,000 | 7.16 | 5.37 | 7.44 | 6.53 | 7.16 | 5.37 | 7.44 | 6.53 |
| | | 123,955,265 | 2,001-5,000 | 7.16 | 5.67 | 7.44 | 6.89 | 7.16 | 5.67 | 7.44 | 6.89 |
| 2017 | 52,671,459 | 5001-10000 | 7.16 | 5.96 | 7.44 | 7.25 | 7.16 | 5.96 | 7.44 | 7.25 | |
| | | 19,979,217 | 10001-20000 | 7.16 | 6.26 | 7.44 | 7.25 | 7.16 | 6.26 | 7.44 | 7.25 |
| | | 16,842,851 | 20001-50000 | 7.16 | 6.55 | 7.44 | 7.25 | 7.16 | 6.55 | 7.44 | 7.25 |
| | | 28,531,512 | >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 | | |
| 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% |
| 2017 | 379.9 | 92.1% | 32.7 | 7.9% | 412.6 | 3.30% |

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) |
|-------------|-----------------------------|----------------|----------------|--------------------------|-----------------------------|-----------------------------|--------------------------|-----------------------------------|----------------|
| | Intergovernmental Contracts | | Capital Leases | Revenue Bonds | Capital Leases | Intergovernmental Contracts | | | |
| | Revenue Bonds (2) | Capital Leases | Revenue Bonds | Capital Leases | Intergovernmental Contracts | Loans Payable | | | |
| 2008 | 10,016,157 | - | 121,388 | 655,000 | 186,036 | - | 1,115,518 | 12,094,099 | 4.00 |
| 2009 | 9,516,800 | - | 86,706 | 330,000 | 273,416 | - | 1,060,457 | 11,267,379 | 3.73 |
| 2010 | 8,969,014 | - | 52,024 | - | 160,049 | - | 999,990 | 10,181,077 | 2.81 |
| 2011 | 8,472,895 | - | 17,342 | - | 76,761 | - | 941,672 | 9,508,670 | 2.62 |
| 2012 | 8,015,000 | - | - | - | 24,134 | - | 881,641 | 8,920,775 | 2.46 |
| 2013 | 7,560,000 | - | - | - | 2,625 | 65,059 | 757,464 | 8,385,148 | 2.31 |
| 2014 | 7,085,000 | - | - | - | - | 58,046 | 698,808 | 7,841,854 | 2.16 |
| 2015 | 6,850,000 | - | - | - | - | 55,251 | 637,772 | 7,543,023 | 2.08 |
| 2016 | 6,290,000 | 232,750 | - | - | - | - | 574,328 | 7,097,078 | 1.96 |
| 2017 | 5,710,000 | 182,363 | - | - | - | - | 508,266 | 6,400,629 | 1.77 |

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 (i.e. 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, 2017

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable (1)</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--|-------------------------|--|---|
| Debt repaid with property taxes | | | |
| Cobb County General Obligation Debt (including Tax Anticipation Notes) | \$ 26,885,000 | 1.16% | \$ 311,866 |
| Other debt | | | |
| Cobb County Parking Debt Certificates | 8,415,000 | 1.16% | 97,614 |
| Cobb-Marietta Coliseum and Exhibit Hall Authority | 5,820,000 | 1.16% | 67,512 |
| Cobb County Revenue Anticipation Certificates | <u>466,860,000</u> | <u>1.16%</u> | <u>5,415,576</u> |
| Subtotal overlapping debt | <u>507,980,000</u> | | <u>5,892,568</u> |
| City debt | | | <u>5,710,000</u> |
| Total direct and overlapping debt | | | <u><u>\$ 11,602,568</u></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

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Assessed value | \$ 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 | \$ 371,534,474 |
| Legal Debt Margin | | | | | | | | | | |
| Debt Limit (10% of assessed value) | 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 | 37,153,447 |
| Debt applicable to limit: | | | | | | | | | | |
| General obligation bonds | - | - | - | - | - | - | - | - | - | - |
| Less: Amount reserved for repayment of general obligation debt | - | - | - | - | - | - | - | - | - | - |
| Total debt applicable to limit | | | | | | | | | | |
| Legal debt margin | \$ 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 | \$ 37,153,447 |
| 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

| Fiscal Year | Water Revenue Bonds | | | | | | Coverage | |
|----------------|------------------------------------|------------------------------------|-----------------------------|--------------|-----------|--|----------|--|
| | 1 Utility Service Charges | 2 Less Operating Expenses | Net Available Revenue | Debt Service | | | | |
| | | | | Principal | Interest | | | |
| 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 | - | - | - | - | - | | - | |
| 2017 | - | - | - | - | - | | - | |

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, 2017

| Year | Population | Personal Income* (in thousands) | Per Capita Personal Income | Median Age | Unemployment Rate |
|------|------------|------------------------------------|----------------------------|------------|-------------------|
| 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 | 2017 | | | 2008 | | | Percentage of Total City Employment |
|----------------------------------|--------------------------------|-------------|--|--------------------------------|-------------|--|--|
| | Number of Employees (1) | Rank | Percentage of Total City Employment | Number of Employees (1) | Rank | | |
| Hussman Services Corp | 213 | 1 | 5.5 % | | | | - % |
| PS Transitional Care & Rehab (2) | 210 | 2 | 5.4 | | | | - |
| Kroger | 145 | 3 | 3.7 | 140 | 2 | | 4.0 |
| The Home Depot | 125 | 4 | 3.2 | 110 | 5 | | 3.2 |
| Powder Springs Elementary | 106 | 5 | 2.7 | 130 | 3 | | 3.7 |
| Compton Elementary | 98 | 6 | 2.5 | 87 | 7 | | 2.5 |
| Tapp Middle School | 90 | 7 | 2.3 | 105 | 6 | | 3.0 |
| Publix Supermarkets | 89 | 8 | 2.3 | 75 | 9 | | 2.1 |
| Mid South Floor Systems Inc | 85 | 9 | 2.2 | | | | - |
| City of Powder Springs | 80 | 10 | 2.1 | 129 | 4 | | 3.7 |
| Brian Center Nursing Care | | | | 270 | 1 | | 7.7 |
| Star Acquisitions | | | | 76 | 8 | | 2.2 |
| Alco Manufacturing | | | | 70 | 10 | | 2.0 |
| Top ten total | <u>1,241</u> | | <u>31.8 %</u> | <u>1,192</u> | | | <u>34.14 %</u> |
| Other employers | 2,658 | | 68.2 % | 2,300 | | | 65.86 % |
| Total employees (3) | <u>3,899</u> | | <u>100.0 %</u> | <u>3,492</u> | | | <u>100.00 %</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 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------------------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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 | - | - | - | - | - | - | - | - | - | - |
| Administration | 7.5 | 7.5 | 7.5 | 8.0 | 6.3 | 7.3 | 8.3 | 8.3 | 8.0 | 8.5 |
| Information technology | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | - | - | - | - |
| Purchasing | 1.0 | 1.0 | 1.0 | 1.0 | - | - | - | - | - | - |
| Municipal court | 3.0 | 3.0 | 3.0 | 2.0 | 2.0 | 1.0 | 1.0 | 1.0 | 2.0 | 2.0 |
| Total general administration | 18.5 | 18.5 | 18.5 | 18.0 | 15.3 | 14.3 | 15.3 | 15.3 | 16.0 | 16.5 |
| 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 | 1.0 | 0.5 | 0.5 | 0.5 | - | - | - | - | - |
| Community development | 8.0 | 6.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 3.0 | 4.0 | 5.0 |
| Economic development | - | - | - | - | - | - | 1.0 | 1.0 | 1.0 | 1.0 |
| Code enforcement | 3.0 | 2.0 | 2.0 | 2.0 | 2.0 | - | - | - | - | 2.0 |
| Total housing and development | 13.0 | 9.0 | 7.5 | 7.5 | 7.5 | 4.0 | 5.0 | 4.0 | 5.0 | 8.0 |
| Public safety | | | | | | | | | | |
| Police | 48.5 | 39.5 | 41.5 | 36.0 | 33.0 | 29.0 | 31.0 | 30.0 | 32.0 | 34.0 |
| Public works | | | | | | | | | | |
| Streets | 6.0 | 5.0 | 4.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Water & sewer | | | | | | | | | | |
| Water | 12.0 | 11.0 | 11.0 | 11.0 | 11.8 | 11.7 | 11.7 | 11.7 | 13.0 | 13.0 |
| Sewer | 6.0 | 4.0 | 5.0 | 5.0 | 5.0 | 6.0 | 6.0 | 6.0 | 5.0 | 5.0 |
| Total water & sewer | 18.0 | 15.0 | 16.0 | 16.0 | 16.8 | 17.7 | 17.7 | 17.7 | 18.0 | 18.0 |
| Sanitation | | | | | | | | | | |
| Sanitation | 14.0 | 14.0 | 11.0 | 11.0 | 9.0 | 9.0 | 7.0 | 8.0 | 8.0 | 10.0 |
| Stormwater | - | - | - | - | - | - | 1.0 | 1.0 | 1.0 | 1.0 |
| Total | 119.0 | 102.0 | 99.5 | 92.5 | 85.6 | 78.0 | 81.0 | 80.0 | 84.0 | 91.5 |

Source: City Finance Office

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

| Function/Program | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------------|-----------|---------|---------|-----------|-----------|-----------|-----------|-----------|---------|-----------|
| General government | | | | | | | | | | |
| Building permits issued | 173 | 249 | 517 | 251 | 309 | 315 | 294 | 372 | 396 | 403 |
| Police | | | | | | | | | | |
| Physical arrests | 882 | 495 | 437 | 317 | 372 | 411 | 384 | 423 | 756 | 832 |
| Citations issued | 8,592 | 8,313 | 7,563 | 5,878 | 4,325 | 4,626 | 3,088 | 3,432 | 5,927 | 5,858 |
| Refuse collection | | | | | | | | | | |
| Refuse collected (tons per day) | 35.00 | 42.00 | 42.00 | 28.00 | 24.61 | 24.06 | 23.86 | 23.95 | 24.81 | 25.58 |
| Water | | | | | | | | | | |
| Average daily consumption | 1,088,940 | 999,932 | 900,780 | 1,088,033 | 1,083,254 | 1,071,012 | 1,112,069 | 1,030,657 | 924,810 | 1,030,851 |

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

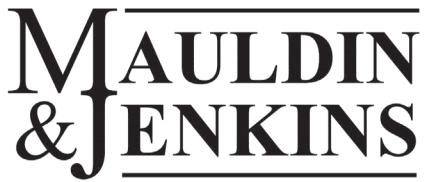
| Function/Program | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 14 | 14 | 14 | 14 | 14 | 17 | 17 | 21 | 28 | 43 (1) |
| Refuse collection | | | | | | | | | | |
| Collection trucks | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 4 |
| Other public works | | | | | | | | | | |
| Streets (miles) | 61 | 61 | 62 | 85 | 85 | 87 | 87 | 87 | 87 | 88 |
| Streetlights | 2,000 | 2,000 | 2,112 | 2,112 | 2,112 | 2,112 | 2,112 | 2,112 | 2,112 | 2,144 |
| 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 | 82 | 82 |

N/A - Information not available

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

Notes: 1 - This figure includes all policed owned vehicles. There are 43 total vehicles in the Police Department Fleet, with 9 set to be surplusled in 2018.

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, 2017, 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 8, 2017.

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.

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. 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.

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2017-001, that we consider to be a material weakness.

Compliance and Other Matters

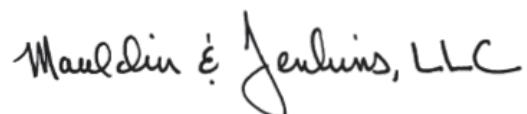
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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' Response to Finding

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is fluid and cursive, with "Mauldin & Jenkins" on the top line and "LLC" on the bottom line.

Atlanta, Georgia
December 8, 2017

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2017 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, 2017

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2017-001 Revenue Recognition

Criteria: Internal controls should be in place to ensure that amounts reported as revenue are appropriate and properly classified 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 related balances.

Context/Cause: During our testing of grant revenue, an audit adjustment of approximately \$24,000 was required in the Capital Projects Fund to remove revenues and to record deferred inflows of resources for reimbursement that was not received within sixty (60) days of year-end.

Effects: An audit adjustment for approximately \$24,000 was needed to correctly report the City's fund level revenues and deferred inflows of resources for the year ended June 30, 2017.

Recommendation: We recommend the City carefully review all revenues and related balances to ensure they are reported in the proper reporting period and 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.