

**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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P.O. Box 46  
4484 Marietta Street  
Powder Springs, GA 30127  
Phone: 770-943-1666  
Fax: 770-943-8003

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 66 % 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 15<sup>th</sup> 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

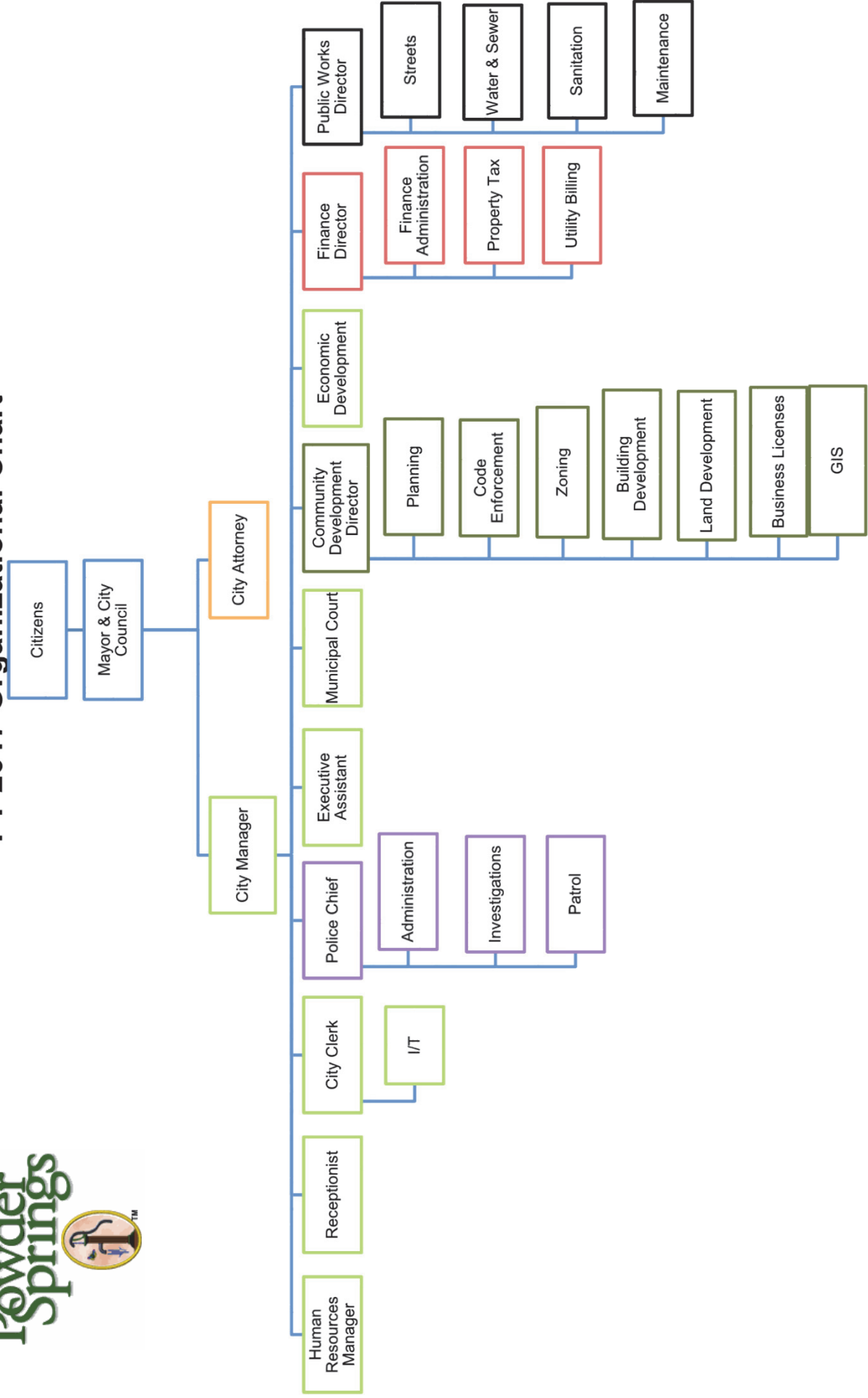
**June 30, 2016**



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

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## INDEPENDENT AUDITOR'S REPORT

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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.

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## ***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.

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*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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 8, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
*As of and For Year Ended June 30, 2017*

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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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
*As of and For Year Ended June 30, 2017*

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## **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 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
*As of and For Year Ended June 30, 2017*

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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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
*As of and For Year Ended June 30, 2017*

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	
<b>Assets:</b>							
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	<u>330,002</u>	<u>343,324</u>	<u>89,669</u>	<u>87,987</u>	<u>419,671</u>	<u>431,311</u>	100%
<b>Liabilities</b>							
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	<u>8,024</u>	<u>10,262</u>	<u>4,445</u>	<u>5,735</u>	<u>12,469</u>	<u>15,997</u>	100%
<b>Net Position</b>							
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	
<b>Revenues:</b>							
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%
<b>Total revenues</b>	<b>11,245,361</b>	<b>10,571,960</b>	<b>8,214,409</b>	<b>7,657,515</b>	<b>19,459,770</b>	<b>18,229,475</b>	<b>100%</b>
<b>Expenses:</b>							
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%
<b>Total expenses</b>	<b>8,375,056</b>	<b>8,095,386</b>	<b>6,907,168</b>	<b>6,661,445</b>	<b>15,282,224</b>	<b>14,756,831</b>	<b>102%</b>
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

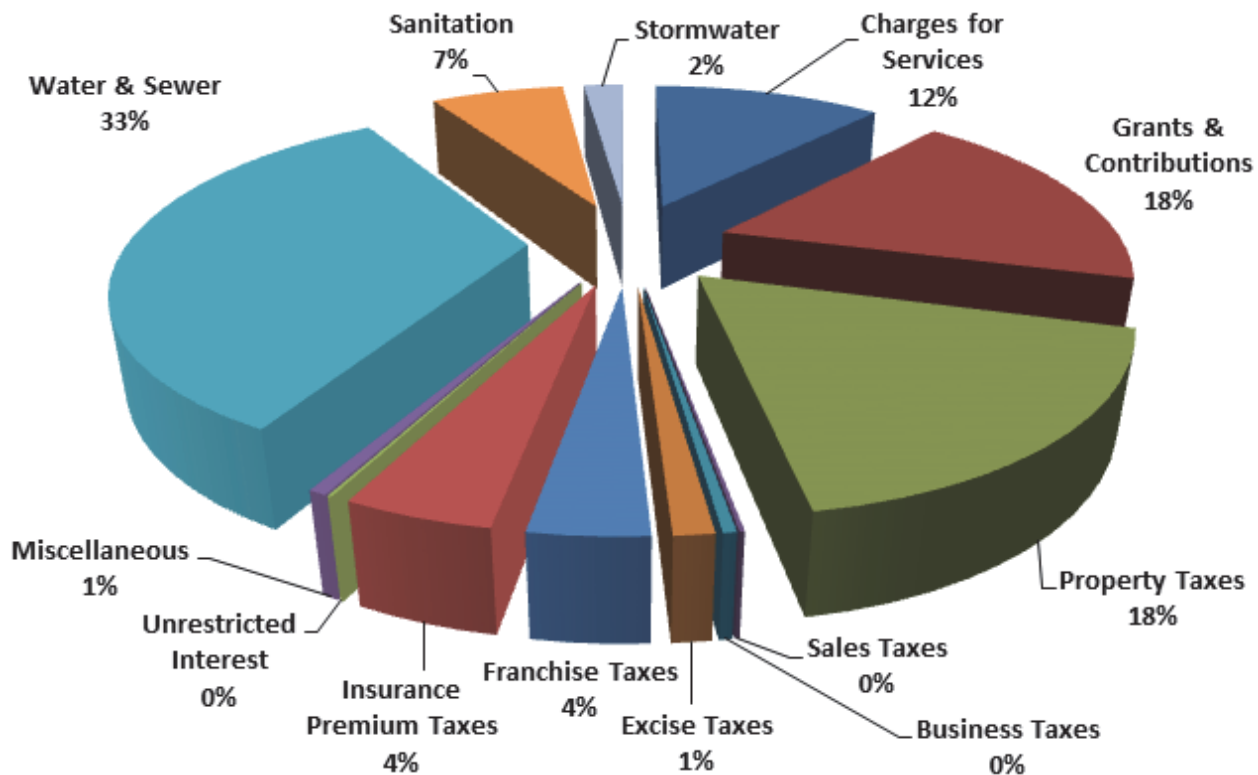
#### Revenues

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
*As of and For Year Ended June 30, 2017*

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.



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
*As of and For Year Ended June 30, 2017*

**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:

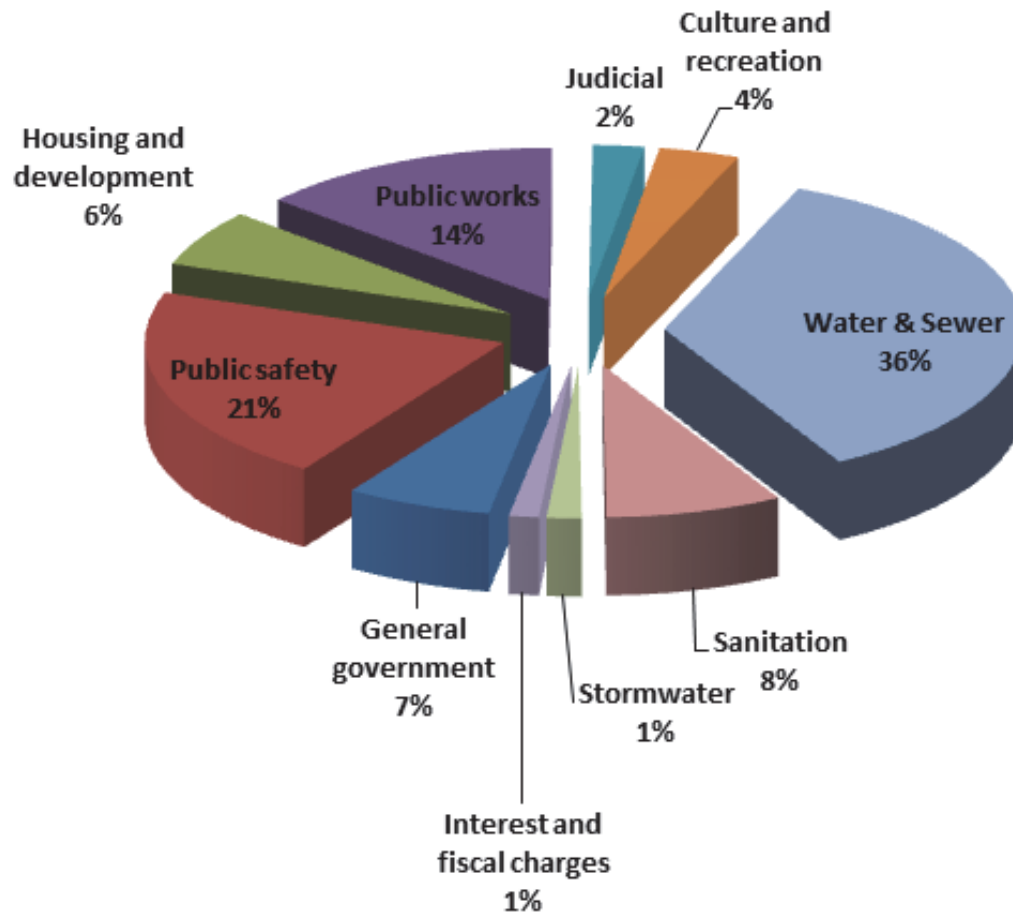
- This City noticed a large variance in the billing for water purchases beginning in July 2016. In June of 2016, Cobb County Marietta Water Authority changed out the 11 import meters at the locations in which water enters the City's utility boundary. Once the City received its July bill, a drastic increase 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
*As of and For Year Ended June 30, 2017*

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:

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
*As of and For Year Ended June 30, 2017*

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- *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

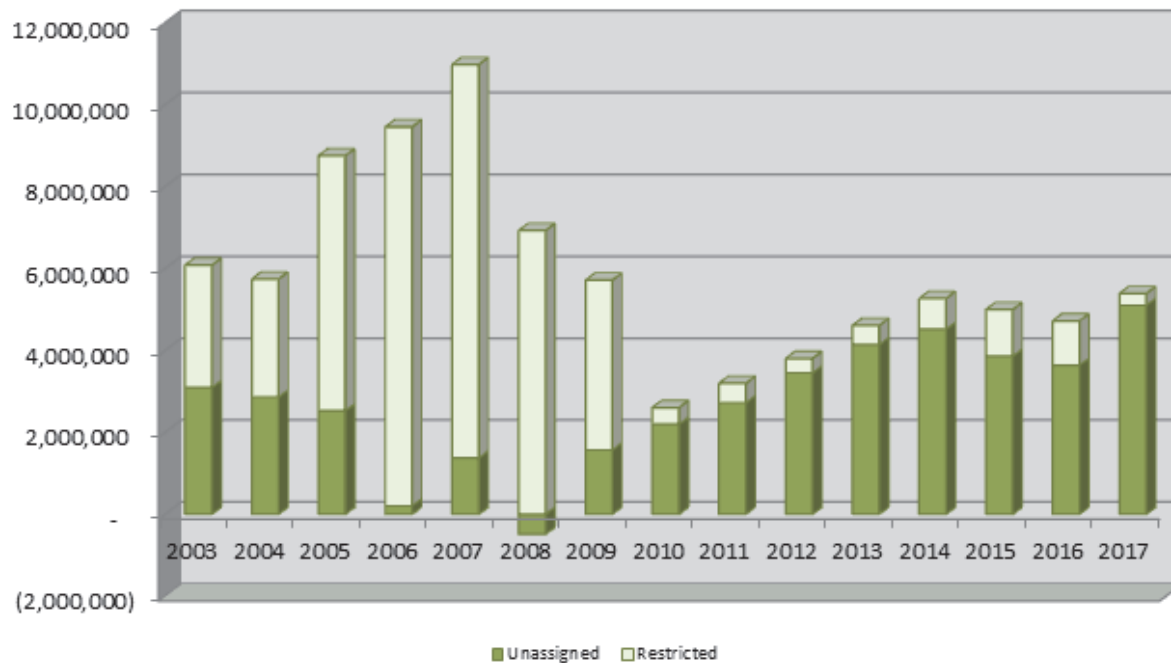
***Major Governmental Fund***

***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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
*As of and For Year Ended June 30, 2017*

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
*As of and For Year Ended June 30, 2017*

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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.



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
*As of and For Year Ended June 30, 2017*

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

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
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
<b>Total</b>	<b>38,503,211</b>	<b>37,171,536</b>	<b>6,230,711</b>	<b>6,131,255</b>	<b>44,733,922</b>	<b>43,302,791</b>

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% depreciated 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.



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
*As of and For Year Ended June 30, 2017*

**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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
*As of and For Year Ended June 30, 2017*

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**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
<b>ASSETS</b>			
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>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
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>
<b>LIABILITIES</b>			
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>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
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>
<b>NET POSITION</b>			
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	6,942,580	7,513,651	14,456,231
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		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	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	-	-	-	1,297,965	1,297,965
Total primary government	\$ 15,282,224	\$ 10,478,477	\$ 420,132	\$ 3,022,374	(2,659,206)	1,297,965	(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	3,576	23,390
Miscellaneous					104,489	5,700	110,189
Transfers					1,000,000	(1,000,000)	-
Total general revenues and transfers					6,529,511	(990,724)	5,538,787
Change in net position					3,870,305	307,241	4,177,546
Net position, beginning of year					38,956,497	12,928,855	51,885,352
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

	General Fund	SPLOST Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
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>
<b>LIABILITIES</b>					
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>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
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>
<b>FUND BALANCES</b>					
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
<b>Revenues</b>					
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	<u>7,816,060</u>	<u>2,697,472</u>	<u>745,438</u>	<u>2,283</u>	<u>11,261,253</u>
<b>Expenditures</b>					
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	<u>5,818,085</u>	<u>3,078,401</u>	<u>527,353</u>	<u>825,945</u>	<u>10,249,784</u>
Excess (deficiency) of revenues over expenditures	<u>1,997,975</u>	<u>(380,929)</u>	<u>218,085</u>	<u>(823,662)</u>	<u>1,011,469</u>
<b>Other financing sources (uses):</b>					
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)	<u>(1,331,916)</u>	<u>-</u>	<u>1,600,757</u>	<u>731,159</u>	<u>1,000,000</u>
Net change in fund balances	666,059	(380,929)	1,818,842	(92,503)	2,011,469
<b>Fund balances, beginning of year</b>	<u>4,715,637</u>	<u>3,117,863</u>	<u>1,214,204</u>	<u>112,695</u>	<u>9,160,399</u>
<b>Fund balances, end of year</b>	<u>\$ 5,381,696</u>	<u>\$ 2,736,934</u>	<u>\$ 3,033,046</u>	<u>\$ 20,192</u>	<u>\$ 11,171,868</u>

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

## CITY OF POWDER SPRINGS, GEORGIA

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

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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 Storm Water Fund	Totals
<b>CURRENT ASSETS</b>				
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
<b>NONCURRENT ASSETS - CAPITAL ASSETS</b>				
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
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
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
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
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
<b>NONCURRENT LIABILITIES</b>				
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
<b>DEFERRED INFLOWS OF RESOURCES</b>				
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
<b>NET POSITION</b>				
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 Storm Water Fund	Totals
<b>OPERATING REVENUES</b>				
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>
<b>OPERATING EXPENSES</b>				
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
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
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
<b>Net position, beginning of year</b>	<u>11,298,548</u>	<u>1,468,985</u>	<u>161,322</u>	<u>12,928,855</u>
<b>Net position, end of year</b>	<u><u>\$ 11,338,005</u></u>	<u><u>\$ 1,579,306</u></u>	<u><u>\$ 318,785</u></u>	<u><u>\$ 13,236,096</u></u>

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

# CITY OF POWDER SPRINGS, GEORGIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2017

	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
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	2,057,569	169,784	95,007	2,322,360
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
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	(930,000)	-	-	(930,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
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	(485,433)	(211,106)	-	(696,539)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	692	2,884	-	3,576
Net cash provided by investing activities	692	2,884	-	3,576
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	\$ 6,953,706	\$ 1,328,227	\$ 275,391	\$ 8,557,324
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
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	\$ 2,057,569	\$ 169,784	\$ 95,007	\$ 2,322,360

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

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

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**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

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### **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

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### 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

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### 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

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### 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

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### 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 receipted 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

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### 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

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### 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

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### 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

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### 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

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### 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><u>(6,754,037)</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### 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

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### 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>	<u><u>\$ 630,387</u></u>

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$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>	<u><u>\$ (87,334)</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### 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
	<u>\$ 20,389,165</u>
Cash deposited with financial institutions	\$ 16,263,107
Cash deposited with Georgia fund 1	<u>4,126,058</u>
	<u>\$ 20,389,165</u>

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

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



## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

**Custodial credit risk – deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of June 30, 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				Net Total
	Taxes	Accounts	From Other Governments	Less Allowances	
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
<b>Governmental Activities:</b>				
Nondepreciable capital assets:				
Land and improvements	\$ 4,767,188	\$ -	\$ 487,015	\$ 5,254,203
Construction in progress	2,231,388	1,236,925	(2,956,426)	511,887
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	18,944,009	339,094	2,445,416	21,728,519
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	(3,110,793)	(700,850)	-	(3,811,643)
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)

	Beginning Balance	Increases	Transfers	Ending Balance
<b>Business-type activities:</b>				
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:

<b>Governmental activities:</b>	
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>
<b>Business-type activities</b>	
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
<b>Governmental activities:</b>					
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>
<b>Business-type activities:</b>					
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

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### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### Revenue Bonds (Continued)

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### Revenue Bonds (Continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
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	2,530,000	164,820	2,694,820
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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
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	207,324	20,364	227,688
Total	<u>\$ 508,266</u>	<u>\$ 87,044</u>	<u>\$ 595,310</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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:

	<u>Payment</u>
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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
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:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
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

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### 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	<u>136</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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:

<b>Asset class</b>	<b>Target allocation</b>	<b>Long-term expected real rate of return*</b>
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	100%	

\* 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)
<b>Balances at 6/30/16</b>	\$ 3,526,127	\$ 2,899,639	\$ 626,488
<b>Changes for the year:</b>			
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
<b>Net changes</b>	411,735	358,040	53,695
<b>Balances at 6/30/17</b>	\$ 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	121,920	-
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

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost (AOPEBC)</u>	<u>Actual OPEB Contribution</u>	<u>Percentage of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
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

	<u>For The Plan Year Ending June 30, 2017</u>	<u>For The Plan Year Ending June 30, 2016</u>
Annual required contribution	\$ 127,558	\$ 48,755
Interest on net OPEB obligation	41,667	39,663
Adjustments to annual required contribution	(76,540)	(53,785)
Annual OPEB cost	92,685	34,633
Contributions made	(32,362)	(59,386)
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

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### NOTE 11. JOINT VENTURE

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

### NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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

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

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



## NOTES TO FINANCIAL STATEMENTS

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### **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

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### 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**

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# CITY OF POWDER SPRINGS, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION POSTEMPLOYMENT HEALTHCARE PLAN SCHEDULE OF FUNDING PROGRESS

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

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

# CITY OF POWDER SPRINGS, GEORGIA

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

	2017	2016	2015
<b>Total pension liability</b>			
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	-
<b>Net change in total pension liability</b>	411,735	360,058	274,283
<b>Total pension liability - beginning</b>	3,526,127	3,166,069	2,891,786
<b>Total pension liability - ending (a)</b>	<u>\$ 3,937,862</u>	<u>\$ 3,526,127</u>	<u>\$ 3,166,069</u>
<b>Plan fiduciary net position</b>			
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)
<b>Net change in plan fiduciary net position</b>	358,040	119,228	380,533
<b>Plan fiduciary net position - beginning</b>	2,899,639	2,780,411	2,399,878
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 3,257,679</u>	<u>\$ 2,899,639</u>	<u>\$ 2,780,411</u>
<b>City's net pension liability - ending (a) - (b)</b>	<u>\$ 680,183</u>	<u>\$ 626,488</u>	<u>\$ 385,658</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	82.73%	82.23%	87.82%
<b>Covered-employee payroll</b>	\$ 3,500,149	\$ 2,934,029	\$ 3,353,477
<b>City's net pension liability as a percentage of covered-employee payroll</b>	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**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
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		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
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
<b>Expenditures</b>				
<b>Current:</b>				
<b>General government:</b>				
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
<b>Judicial</b>	248,445	357,492	309,790	47,702
<b>Public safety</b>	2,955,999	3,181,129	3,013,551	167,578
<b>Public works</b>	992,420	1,015,465	835,561	179,904
<b>Community development</b>	714,472	871,332	798,562	72,770
<b>Culture and recreation</b>	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
<b>Other financing sources (uses)</b>				
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
<b>Fund balance, beginning of year</b>	4,715,637	4,715,637	4,715,637	-
<b>Fund balance, end of year</b>	\$ 3,872,529	\$ 3,872,230	\$ 5,381,696	\$ 1,509,466

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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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**

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### **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	
<b>ASSETS</b>			
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>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 175	\$ -	\$ 175
Total liabilities	<u>175</u>	<u>-</u>	<u>175</u>
<b>FUND BALANCES</b>			
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
	Police Seizure Fund	Downtown Development Authority Fund	
<b>REVENUES</b>			
Fines and forfeitures	\$ 2,250	\$ -	\$ 2,250
Interest income	33	-	33
Total revenues	2,283	-	2,283
<b>EXPENDITURES</b>			
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)
<b>OTHER FINANCING SOURCES</b>			
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)
<b>FUND BALANCES, beginning of year</b>	72,124	40,571	112,695
<b>FUND BALANCES, end of year</b>	\$ 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**

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

**CITY OF POWDER SPRINGS, GEORGIA  
DOWNTOWN DEVELOPMENT AUTHORITY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budget</b>			<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>EXPENDITURES</b>				
Debt service:				
Principal	580,000	580,000	580,000	-
Interest	263,121	192,770	191,730	1,040
Total expenditures	843,121	772,770	771,730	1,040
Deficiency of revenues over expenditures	(843,121)	(772,770)	(771,730)	(1,040)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	843,121	732,199	731,159	(1,040)
Total other financing sources	843,121	732,199	731,159	(1,040)
Net change in fund balances	-	(40,571)	(40,571)	-
<b>FUND BALANCE, beginning of year</b>	40,571	40,571	40,571	-
<b>FUND BALANCE, end of year</b>	<u>\$ 40,571</u>	<u>\$ -</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>
<b>2006 SPLOST Program:</b>					
Transportation	\$ 13,212,326	\$ 11,966,561	\$ 11,966,432	\$ 129	\$ 11,966,561
800 MHz Radios	281,340	266,157	266,157	-	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>
<b>2012 SPLOST Program:</b>					
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>
<b>2016 SPLOST Program:</b>					
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**

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## STATISTICAL SECTION

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

### Page

#### **Financial Trends..... 68**

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

#### **Revenue Capacity ..... 74**

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

#### **Debt Capacity ..... 82**

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

#### **Demographic and Economic Information ..... 86**

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

#### **Operating Information ..... 89**

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

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



**CITY OF POWDER SPRINGS, GEORGIA**

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

	2017	2016	2015	2014 (1)	2013	2012	2011	2010	2009	2008
<b>Governmental activities</b>										
Net investment in capital assets	\$ 32,777,884	\$ 30,834,381	\$ 28,730,880	\$ 26,057,109	\$ 23,297,545	\$ 19,796,418	\$ 19,063,683	\$ 18,465,318	\$ 17,988,722	\$ 18,252,541
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	\$ 42,826,802	\$ 38,956,497	\$ 36,479,923	\$ 33,016,599	\$ 30,446,318	\$ 28,418,345	\$ 25,757,183	\$ 24,590,689	\$ 23,273,224	\$ 21,494,957
<b>Business-type activities</b>										
Net investment in capital assets	\$ 5,722,445	\$ 5,556,927	\$ 5,264,412	\$ 5,235,028	\$ 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	\$ 13,236,096	\$ 12,928,855	\$ 11,932,785	\$ 10,970,818	\$ 10,361,591	\$ 9,321,719	\$ 9,438,586	\$ 9,745,819	\$ 9,872,443	\$ 9,729,793
<b>Primary government</b>										
Net investment in capital assets	\$ 38,500,329	\$ 36,391,308	\$ 33,995,292	\$ 31,293,137	\$ 28,827,151	\$ 25,473,146	\$ 25,164,504	\$ 24,914,689	\$ 24,450,635	\$ 24,383,830
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	9,329,608	6,985,619	5,978,086	5,994,285	3,879,986	1,821,668
Total primary government net position	\$ 56,062,898	\$ 51,885,352	\$ 48,412,708	\$ 43,987,417	\$ 40,807,909	\$ 37,740,064	\$ 35,195,769	\$ 34,336,488	\$ 33,145,667	\$ 31,224,750

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

# CITY OF POWDER SPRINGS, GEORGIA

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,015,287	\$ 1,241,193	\$ 881,610	\$ 900,533	\$ 760,487	\$ 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	2,858,898	2,482,731	3,072,667	2,499,557	2,801,692	3,077,897	3,360,690	3,260,209
Public works	2,094,427	1,950,695	1,499,231	1,742,675	2,055,730	1,228,591	1,871,778	1,611,057	908,492	1,104,408
Community development	923,634	757,122	735,300	590,648	485,271	633,252	655,434	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	569,561	629,301
Health and welfare	-	-	-	-	-	43,497	71,221	41,658	15,915	13,828
Interest on long-term debt	205,998	169,011	352,974	305,452	336,412	325,017	511,573	386,549	404,935	423,634
Total governmental activities expenses	8,375,056	8,095,386	6,772,636	6,582,485	7,398,255	5,922,674	7,176,173	7,828,574	7,355,680	7,854,327
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	1,155,465	1,008,274	1,077,369
Stormwater	238,174	468,945	415,465	306,187	155,966	-	-	-	-	-
Total business-type activities expenses	6,907,168	6,661,445	6,409,992	6,397,390	5,969,041	5,691,530	5,370,149	5,272,130	4,923,774	4,886,304
Total primary government expenses	15,282,224	14,756,831	13,182,628	12,979,855	13,367,296	11,614,204	12,546,322	13,100,704	12,279,454	12,740,631
<b>Program Revenues</b>										
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	644,592	997,195
Public works	-	-	-	336,007	345,445	341,509	316,589	300,523	289,420	222,101
Community development	-	-	-	46,599	44,705	125,018	142,654	133,811	114,743	289,927
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	454,788	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	5,715,850	5,221,482	5,017,259	4,268,472	4,302,644	3,752,787	3,572,095	3,742,006	3,603,370	4,637,342
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	352,539	352,579	357,708	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	8,205,133	7,655,813	7,371,003	7,112,062	6,939,732	5,568,932	5,056,701	5,106,773	4,994,699	4,721,711
Total primary government program revenues	13,920,983	12,877,295	12,388,262	11,380,534	11,242,376	9,321,719	8,628,796	8,848,779	8,598,069	9,359,053

# 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
<b>Net (expense)/revenue</b>										
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	\$ (1,361,241)	\$ (1,879,536)	\$ (794,366)	\$ (1,599,321)	\$ (2,124,920)	\$ (2,292,485)	\$ (3,917,526)	\$ (4,251,925)	\$ (3,681,385)	\$ (3,381,578)
<b>General Revenues and Other Changes</b>										
<b>In Net Position</b>										
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	235,393	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	6,529,511	5,350,478	5,218,701	5,111,969	4,879,860	4,831,049	4,770,592	5,327,620	5,530,577	5,498,595
Business-type activities:										
Unrestricted investment earnings	3,576	1,702	956	802	5,718	2,731	6,215	17,999	71,725	123,957
Gain on sale of capital assets	-	-	-	-	6,101	-	-	20,734	-	-
Miscellaneous	5,700	-	-	-	-	-	-	-	-	-
Transfers	(1,000,000)	-	-	-	(798)	-	-	-	-	-
Total business-type activities	(990,724)	1,702	956	802	11,021	2,731	6,215	38,733	71,725	123,957
Total primary government	\$ 5,538,787	\$ 5,352,180	\$ 5,219,657	\$ 5,112,771	\$ 4,890,881	\$ 4,833,780	\$ 4,776,807	\$ 5,366,353	\$ 5,602,302	\$ 5,622,552
<b>Change in Net Position</b>										
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	961,712	(119,867)	(307,233)	(126,624)	142,650	(40,636)
Total primary government	\$ 4,177,546	\$ 3,472,644	\$ 4,425,291	\$ 3,513,450	\$ 2,765,961	\$ 2,541,295	\$ 859,281	\$ 1,114,428	\$ 1,920,917	\$ 2,240,974

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

# CITY OF POWDER SPRINGS, GEORGIA

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

Fiscal Year	Property Tax	Ad Valorem	Insurance Premium	Alcoholic Beverage	Intangible	Franchise	Total
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%
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# 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403,884	\$ 4,138,067	\$ 6,921,670
Unreserved	-	-	-	-	-	-	-	2,193,849	1,565,505	(483,776)
Nonspendable	282,927	261,093	249,482	250,533	212,744	174,395	317,155	-	-	-
Restricted	1,330	1,323	190,052	-	-	170,727	149,431	-	-	-
Assigned	-	818,583	700,365	497,932	254,500	5,115	5,317	-	-	-
Unassigned	5,097,439	3,634,638	3,851,796	4,513,986	4,136,152	3,448,575	2,718,530	-	-	-
Total General Fund	\$ 5,381,696	\$ 4,715,637	\$ 4,991,695	\$ 5,262,451	\$ 4,603,396	\$ 3,798,812	\$ 3,190,433	\$ 2,597,733	\$ 5,703,572	\$ 6,437,894
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,251,628	\$ -	\$ -
Unreserved, reported in:										
SPLOST Fund	-	-	-	-	-	-	-	1,423,120	2,447,077	1,048,213
Capital projects funds	-	-	-	-	-	-	-	3,162,798	477,959	(5,866)
Nonspendable	102,655	1,128,692	1,169,848	882,428	562,500	-	-	-	-	-
Assigned	2,582,509	1,125,497	395,254	-	-	-	-	-	-	-
Restricted	3,105,008	2,190,573	2,311,267	1,936,470	2,651,150	5,465,544	4,399,248	-	-	-
Total all other governmental funds	\$ 5,790,172	\$ 4,444,762	\$ 3,876,369	\$ 2,818,898	\$ 3,213,650	\$ 5,465,544	\$ 4,399,248	\$ 5,837,546	\$ 2,925,036	\$ 1,042,347

(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
<b>Revenues</b>										
Taxes	\$ 5,431,213	\$ 5,239,485	\$ 5,001,233	\$ 5,116,613	\$ 4,828,780	\$ 4,633,166	\$ 4,827,656	\$ 5,183,063	\$ 5,024,064	\$ 5,030,210
Licenses and permits	760,908	655,629	546,563	176,870	168,420	426,421	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	299,037	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	51,494	140,429	395,789
Miscellaneous	124,489	89,062	50,233	185,794	163,144	90,437	89,664	215,709	234,553	448,415
Total revenues	11,261,253	10,521,490	10,083,547	9,615,703	8,954,091	8,567,336	8,585,467	9,044,675	8,922,584	10,134,464
<b>Expenditures</b>										
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	2,526,163	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	590,883	892,172	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	358,615
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										
Principal retirements	630,387	584,914	515,000	475,000	455,000	476,553	530,802	582,469	595,459	397,403
Interest and fiscal charges and cost of issuance	194,843	218,174	328,086	313,332	343,872	348,083	366,489	386,549	404,935	415,747
Total expenditures	10,249,784	10,504,068	9,525,066	9,356,814	10,737,418	6,908,154	9,431,065	9,343,227	7,987,503	15,824,325
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)
<b>Other financing sources (uses)</b>										
Issuance of long-term debt	-	257,664	3,335,000	-	-	-	-	-	61,420	220,995
Proceeds from sale of capital assets	-	17,249	152,388	5,414	146,898	15,493	-	28,830	151,866	8,000
Settlement Proceeds	-	-	-	-	-	-	-	-	-	16,000
Payment to refunding bond escrow agent	-	-	(3,259,154)	-	-	-	-	-	-	-
Transfers in	2,390,496	1,509,412	1,767,220	1,227,302	1,041,151	-	-	4,227,694	930,662	6,834,756
Transfers out	(1,390,496)	(1,509,412)	(1,767,220)	(1,227,302)	(1,040,353)	-	-	(4,227,694)	(930,662)	(6,834,756)
Total other financing sources (uses)	1,000,000	274,913	228,234	5,414	147,696	15,493	-	28,830	213,286	244,995
Net change in fund balances	\$ 2,011,469	\$ 292,335	\$ 786,715	\$ 264,303	\$ (1,635,631)	\$ 1,674,675	\$ (845,598)	\$ (269,722)	\$ 1,148,367	\$ (5,444,866)
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	Other Property (1)	Less:		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
					Tax Exempt Real Property	Tax Exempt 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	40.00%
2009	320,621,864	105,067,948	7,984,989	38,452,367	1,667,042		470,460,126	8.500	1,176,150,315	40.00%
2010	315,044,514	103,267,839	7,587,030	40,176,132	3,542,181		462,533,334	8.500	1,156,333,335	40.00%
2011	251,879,253	99,113,782	7,319,072	34,141,569	3,024,103		389,429,573	8.500	973,573,933	40.00%
2012	228,758,892	91,789,641	7,153,550	33,963,415	3,044,034		358,621,464	8.500	896,553,660	40.00%
2013	193,035,041	97,654,149	6,579,762	33,982,178	6,764,956		324,486,174	8.500	811,215,435	40.00%
2014	185,387,966	100,020,754	6,339,141	36,385,060	12,540,943		315,591,978	8.500	788,979,945	40.00%
2015	205,395,323	100,319,231	6,236,947	33,113,218	23,397,864		321,666,855	8.500	804,167,138	40.00%
2016	236,181,400	95,825,169	5,698,954	25,796,959	17,595,379		345,907,103	8.500	864,767,758	40.00%
2017	264,306,391	97,012,606	5,288,598	21,183,422	16,256,543		371,534,474	8.500	928,836,185	40.00%

Source: Cobb County, Georgia Tax Assessors Office

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

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

## CITY OF POWDER SPRINGS, GEORGIA

### PROPERTY TAX RATES - DIRECT AND OVERLAPPING<sup>1</sup> 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

<sup>1</sup> 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 Abbingdon 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
	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
2013	7.16	0-2,000	4.77	7.16	0-2,000	4.77
	7.16	2,001-5,000	5.04	7.16	2,001-5,000	5.04
	7.16	5,001-10,000	5.30	7.16	5,001-10,000	5.30
	7.16	10,001-20,000	5.57	7.16	10,001-20,000	5.57
	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
2014	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
	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
2015	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
2016	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
2017	7.16	0>2000	5.37	7.16	0>2000	5.37
	7.16	2001>5000	5.67	7.16	2001>5000	5.67
	7.16	5001>10000	5.96	7.16	5001>10000	5.96
	7.16	10001>20000	6.26	7.16	10001>20000	6.26
	7.16	20001>50000	6.55	7.16	20001>50000	6.55
	7.16	>50000	6.85	7.16	>50000	6.85

(Continued)

# CITY OF POWDER SPRINGS, GEORGIA

## WATER AND SEWER RATES LAST TEN FISCAL YEARS

Fiscal Year	Sewer					
	Inside City Limits			Outside City Limits		
	(1) Base Rate	Gallons	(2) Usage Rate	(1) Base Rate	Gallons	(2) Usage Rate
2008	10.84		5.42	11.80		5.90
2009	10.84		5.42	11.70		5.85
2010	11.14		5.57	12.00		6.00
2011	11.58		5.79	12.34		6.17
2012	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2013	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2014	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2015	7.44	0>2000	6.53	7.44	0>2000	6.53
	7.44	2001>5000	6.89	7.44	2001>5000	6.89
	7.44	>5001	7.25	7.44	>5001	7.25
2016	7.44	0>2000	6.53	7.44	0>2000	6.53
	7.44	2001>5000	6.89	7.44	2001>5000	6.89
	7.44	>5001	7.25	7.44	>5001	7.25
2017	7.44	0>2000	6.53	7.44	0>2000	6.53
	7.44	2001>5000	6.89	7.44	2001>5000	6.89
	7.44	>5001	7.25	7.44	>5001	7.25

Notes (1) 0 - 2,000 gallons is the first tier rate and no longer part of the minimum base rate.

(2) Rate per each additional 1,000 gallons.

\* Graduated rate schedule implemented in 2008.

(3) Rates are equalized for Inside and Outside City Limits.

(4) ERU's are charged for Non-residential accounts. Residential accounts are charged for 1/ea ERU.

Source: City utility billing office.

## CITY OF POWDER SPRINGS, GEORGIA

WATER CONSUMED  
LAST TEN FISCAL YEARS

Fiscal Year	Gallons of Water Consumed	Graduated Rate * Gallons	Total Direct Rate							
			Inside City Limits				Outside City Limits			
			(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
			Water		Sewer		Water		Sewer	
			Base Rate	Usage Rate	Base Rate	Usage Rate	Base Rate	Usage Rate	Base Rate	Usage Rate
2008	345,214,885	<2,000	8.20		10.84		13.38		11.80	
		2,001-6,000	8.20	4.10	10.84	5.42	13.38	4.17	11.80	5.90
		6,001-15,000	8.20	5.13	10.84	5.42	13.38	5.21	11.80	5.90
		>15,001	8.20	6.15	10.84	5.42	13.38	6.26	11.80	5.90
2009	364,975,200	<2,000	8.20		10.84		12.86		11.70	
		2,001-6,000	8.20	4.10	10.84	5.42	12.86	4.16	11.70	5.85
		6,001-15,000	8.20	5.13	10.84	5.42	12.86	5.20	11.70	5.85
		>15,001	8.20	6.15	10.84	5.42	12.86	6.26	11.70	5.85
2010	17,182,150	<2,000	8.62		11.14		13.28		12.00	
	162,721,496	2,001-6,000	8.62	4.31	11.14	5.57	13.28	4.37	12.00	6.00
	132,938,112	6,001-15,000	8.62	5.34	11.14	5.57	13.28	5.41	12.00	6.00
	62,584,100	>15,001	8.62	6.36	11.14	5.57	13.28	6.47	12.00	6.00
2011	6,151,512	<2,000	9.30		11.58		13.58		12.34	
	94,536,626	2,001-6,000	9.30	4.65	11.58	5.79	13.58	4.70	12.34	6.17
	61,254,344	6,001-15,000	9.30	5.76	11.58	5.79	13.58	5.83	12.34	6.17
	235,189,514	>15,001	9.30	6.36	11.58	5.79	13.58	6.96	12.34	6.17
2012	111,272	<2,000	9.30		11.58		13.58		12.34	
Jul - Mar	746,490	2,001-6,000	9.30	4.65	11.58	5.79	13.58	4.70	12.34	6.17
	6,384,801	6,001-15,000	9.30	5.76	11.58	5.79	13.58	5.83	12.34	6.17
	263,032,184	>15,000	9.30	6.86	11.58	5.79	13.58	6.96	12.34	6.17
2012	205,597	<2,000	7.16	4.50	7.44	6.53	7.16	4.50	7.44	6.53
Apr - Jun	2,000,605	2,001-5,000	7.16	4.75	7.44	6.89	7.16	4.75	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.00	7.44	7.25	7.16	5.00	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.25	7.44	7.25	7.16	5.25	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.50	7.44	7.25	7.16	5.50	7.44	7.25
	14,563,753	>50,001	7.16	5.75	7.44	7.25	7.16	5.75	7.44	7.25
2013	205,597	0-2,000	7.16	4.50	7.44	6.53	7.16	4.50	7.44	6.53
July-Dec	2,000,605	2,001-5,000	7.16	4.75	7.44	6.89	7.16	4.75	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.00	7.44	7.25	7.16	5.00	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.25	7.44	7.25	7.16	5.25	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.50	7.44	7.25	7.16	5.50	7.44	7.25
	14,563,753	>50,001	7.16	5.75	7.44	7.25	7.16	5.75	7.44	7.25
2013	205,597	0-2,000	7.16	4.77	7.44	6.53	7.16	4.77	7.44	6.53
Jan-June	2,000,605	2,001-5,000	7.16	5.04	7.44	6.89	7.16	5.04	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.30	7.44	7.25	7.16	5.30	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.57	7.44	7.25	7.16	5.57	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.83	7.44	7.25	7.16	5.83	7.44	7.25
	14,563,753	>50,001	7.16	6.10	7.44	7.25	7.16	6.10	7.44	7.25
2014	12,359,769	0-2,000	7.16	4.77	7.44	6.53	7.16	4.77	7.44	6.53
July-Dec	10,507,471	2,001-5,000	7.16	5.04	7.44	6.89	7.16	5.04	7.44	6.89
	10,305,859	5,001-10,000	7.16	5.30	7.44	7.25	7.16	5.30	7.44	7.25
	19,083,779	10,001-20,000	7.16	5.57	7.44	7.25	7.16	5.57	7.44	7.25
	59,018,435	20,001-50,000	7.16	5.83	7.44	7.25	7.16	5.83	7.44	7.25
	61,739,867	>50,001	7.16	6.10	7.44	7.25	7.16	6.10	7.44	7.25
2014	12,573,910	0-2,000	7.16	4.96	7.44	6.53	7.16	4.96	7.44	6.53
Jan-June	10,867,240	2,001-5,000	7.16	5.24	7.44	6.89	7.16	5.24	7.44	6.89
	10,110,046	5,001-10,000	7.16	5.51	7.44	7.25	7.16	5.51	7.44	7.25
	16,249,292	10,001-20,000	7.16	5.79	7.44	7.25	7.16	5.79	7.44	7.25
	46,580,445	20,001-50,000	7.16	6.06	7.44	7.25	7.16	6.06	7.44	7.25
	50,912,049	>50,001	7.16	6.34	7.44	7.25	7.16	6.34	7.44	7.25
2014	4,777,202	0-2,000	7.16	4.96	7.44	6.53	7.16	4.96	7.44	6.53
July-Dec	7,373,112	2001-5000	7.16	5.24	7.44	6.89	7.16	5.24	7.44	6.89
	22,534,424	5001-10000	7.16	5.51	7.44	7.25	7.16	5.51	7.44	7.25
	14,974,472	10001-20000	7.16	5.79	7.44	7.25	7.16	5.79	7.44	7.25
	55,311,882	20001-50000	7.16	6.06	7.44	7.25	7.16	6.06	7.44	7.25
	66,821,261	>50000	7.16	6.34	7.44	7.25	7.16	6.34	7.44	7.25
2015	11,952,646	0-2,000	7.16	5.16	7.44	6.53	7.16	5.16	7.44	6.53
Jan-June	7,767,259	2001-5000	7.16	5.45	7.44	6.89	7.16	5.45	7.44	6.89
	10,623,670	5001-10000	7.16	5.73	7.44	7.25	7.16	5.73	7.44	7.25
	16,522,625	10001-20000	7.16	6.02	7.44	7.25	7.16	6.02	7.44	7.25
	46,952,628	20001-50000	7.16	6.30	7.44	7.25	7.16	6.30	7.44	7.25
	50,766,804	>50000	7.16	6.59	7.44	7.25	7.16	6.59	7.44	7.25
2015	68,333,988	0-2,000	7.16	5.37	7.44	6.53	7.16	5.37	7.44	6.53
July-Dec	63,260,254	2001-5000	7.16	5.67	7.44	6.89	7.16	5.67	7.44	6.89
	27,310,712	5001-10000	7.16	5.96	7.44	7.25	7.16	5.96	7.44	7.25
	10,665,635	10001-20000	7.16	6.26	7.44	7.25	7.16	6.26	7.44	7.25
	8,495,213	20001-50000	7.16	6.55	7.44	7.25	7.16	6.55	7.44	7.25
	32,680,470	>50000	7.16	6.85	7.44	7.25	7.16	6.85	7.44	7.25
2016	69,575,508	0-2,000	7.16	5.37	7.44	6.53	7.16	5.37	7.44	6.53
Jan-June	62,866,525	2001-5000	7.16	5.67	7.44	6.89	7.16	5.67	7.44	6.89
	26,000,484	5001-10000	7.16	5.96	7.44	7.25	7.16	5.96	7.44	7.25
	8,653,735	10001-20000	7.16	6.26	7.44	7.25	7.16	6.26	7.44	7.25
	7,075,860	20001-50000	7.16	6.55	7.44	7.25	7.16	6.55	7.44	7.25
	16,959,607	>50000	7.16	6.85	7.44	7.25	7.16	6.85	7.44	7.25
2017	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	2001-5000	7.16	5.67	7.44	6.89	7.16	5.67	7.44	6.89
	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)

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<b>Fiscal Year</b>	<b>Residential</b>		<b>Commercial</b>		<b>Total Consumption in Gallons</b>	<b>Annual Percentage Change</b>
	<b>Gallons</b>	<b>Percentage</b>	<b>Gallons</b>	<b>Percentage</b>		
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)
	Revenue Bonds (2)	Capital Leases	Intergovern- mental Contracts	Revenue Bonds	Capital Leases	Intergovern- mental Contracts			
2008	10,016,157	-	121,388	655,000	186,036	-	12,094,099	4.00	969.0
2009	9,516,800	-	86,706	330,000	273,416	-	11,267,379	3.73	902.8
2010	8,969,014	-	52,024	-	160,049	-	10,181,077	2.81	730.4
2011	8,472,895	-	17,342	-	76,761	-	9,508,670	2.62	682.1
2012	8,015,000	-	-	-	24,134	-	8,920,775	2.46	639.9
2013	7,560,000	-	-	-	2,625	65,059	8,385,148	2.31	601.5
2014	7,085,000	-	-	-	-	58,046	7,841,854	2.16	562.5
2015	6,850,000	-	-	-	-	55,251	7,543,023	2.08	541.1
2016	6,290,000	232,750	-	-	-	-	7,097,078	1.96	509.1
2017	5,710,000	182,363	-	-	-	-	6,400,629	1.77	459.2

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

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

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

**CITY OF POWDER SPRINGS, GEORGIA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2017**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
<b>Debt repaid with property taxes</b>			
Cobb County General Obligation Debt (including Tax Anticipation Notes)	\$ 26,885,000	1.16%	\$ 311,866
<b>Other debt</b>			
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	466,860,000	1.16%	5,415,576
Subtotal overlapping debt	<u>507,980,000</u>		<u>5,892,568</u>
<b>City debt</b>			<u>5,710,000</u>
Total direct and overlapping debt			<u>\$ 11,602,568</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
<b>Assessed value</b>	<u>\$ 445,088,863</u>	<u>\$ 470,460,126</u>	<u>\$ 462,533,334</u>	<u>\$ 389,429,573</u>	<u>\$ 358,621,464</u>	<u>\$ 324,486,174</u>	<u>\$ 315,591,978</u>	<u>\$ 321,666,855</u>	<u>\$ 345,907,103</u>	<u>\$ 371,534,474</u>
<b>Legal Debt Margin</b>										
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	32,166,886	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	<u>\$ 44,508,886</u>	<u>\$ 47,046,013</u>	<u>\$ 46,253,333</u>	<u>\$ 38,942,957</u>	<u>\$ 35,862,146</u>	<u>\$ 32,448,617</u>	<u>\$ 31,559,198</u>	<u>\$ 32,166,886</u>	<u>\$ 34,590,710</u>	<u>\$ 37,153,447</u>
As a percentage of debt limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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

# CITY OF POWDER SPRINGS, GEORGIA

## PLEDGED-REVENUE COVERAGE LAST TEN FISCAL YEARS

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

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<b>Year</b>	<b>Population</b>	<b>Personal Income* (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Unemployment Rate</b>
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		
	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (1)	Rank	Percentage of Total City Employment
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><u>3,899</u></u>		<u><u>100.0 %</u></u>	<u><u>3,492</u></u>		<u><u>100.00 %</u></u>

Source: City Department of Economic Development

Notes: 1 - Full-time equivalent employees

2 - Formally known as Brian Center Nursing Care

3 - Estimated

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

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

Function / Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General administration</b>										
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	-	-	-	-	-
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
<b>Total general administration</b>	<b>18.5</b>	<b>18.5</b>	<b>18.5</b>	<b>18.0</b>	<b>15.3</b>	<b>14.3</b>	<b>15.3</b>	<b>15.3</b>	<b>16.0</b>	<b>16.5</b>
<b>Health and welfare</b>										
Senior center	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
<b>Culture and recreation</b>										
Museum	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
<b>Housing and development</b>										
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
<b>Total housing and development</b>	<b>13.0</b>	<b>9.0</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>	<b>4.0</b>	<b>5.0</b>	<b>4.0</b>	<b>5.0</b>	<b>8.0</b>
<b>Public safety</b>										
Police	48.5	39.5	41.5	36.0	33.0	29.0	31.0	30.0	32.0	34.0
<b>Public works</b>										
Streets	6.0	5.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>Water &amp; sewer</b>										
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
<b>Total water &amp; sewer</b>	<b>18.0</b>	<b>15.0</b>	<b>16.0</b>	<b>16.0</b>	<b>16.8</b>	<b>17.7</b>	<b>17.7</b>	<b>17.7</b>	<b>18.0</b>	<b>18.0</b>
<b>Sanitation</b>	14.0	14.0	11.0	11.0	9.0	9.0	7.0	8.0	8.0	10.0
<b>Stormwater</b>	-	-	-	-	-	-	1.0	1.0	1.0	1.0
<b>Total</b>	<b>119.0</b>	<b>102.0</b>	<b>99.5</b>	<b>92.5</b>	<b>85.6</b>	<b>78.0</b>	<b>81.0</b>	<b>80.0</b>	<b>84.0</b>	<b>91.5</b>

Source: City Finance Office

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

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
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
Streetsights	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	153	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 surplusd in 2018.

## **COMPLIANCE SECTION**

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## **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**

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**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.

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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.



Atlanta, Georgia  
December 8, 2017

# CITY OF POWDER SPRINGS, GEORGIA

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

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### 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?

  X   yes      no

Significant deficiencies identified?

       yes     X   none reported

Noncompliance material to financial statements noted?

       yes     X   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

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### 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.