

Summary

FY 2017 Comprehensive Annual Financial Report

FY 2017 Financial Highlights

- Total Net Assets increased \$4.1 million over 2016
 - Of this amount, \$14,456,231 is unrestricted
- Combined Revenue totaled \$19.5 million
- Overall expenses totaled \$15.3 million
- Governmental activities - net assets increased by \$1.9 million; with ending unassigned fund balance in the General Fund totaling \$5 million

Government-wide Financial Analysis

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

The City's combined net assets (government and business-type activities) totaled \$56,062,686 at June 30, 2017. The City's net assets increased by \$4,100,000, net of long-term, equipment and infrastructure (roads, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding comprising 70% of the City's total net assets. The City's net assets increased by \$1.9 million as a result of related debt increased by \$2,109,620 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.

Governmental Activity Revenues

Governmental activities revenues increased by 20%, and is primarily attributed to an increase in programming revenues, such as:

- Charges for Services of \$494,368 (over prior year revenue). The Charges for Services include fees for services such as building permits, facility rentals and municipal court fees.
- Increased property tax revenue of \$185,618

Tax provided \$5,405,203 or 40% of governmental revenue, while charges for services provided \$2,273,544 or 20% of operating revenues. As such, the City's tax and purchases of City services fund 60% 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.

Governmental-activity Expenses

Expenses increased by \$2,678,079 in FY17. Significant increases in expenses include:

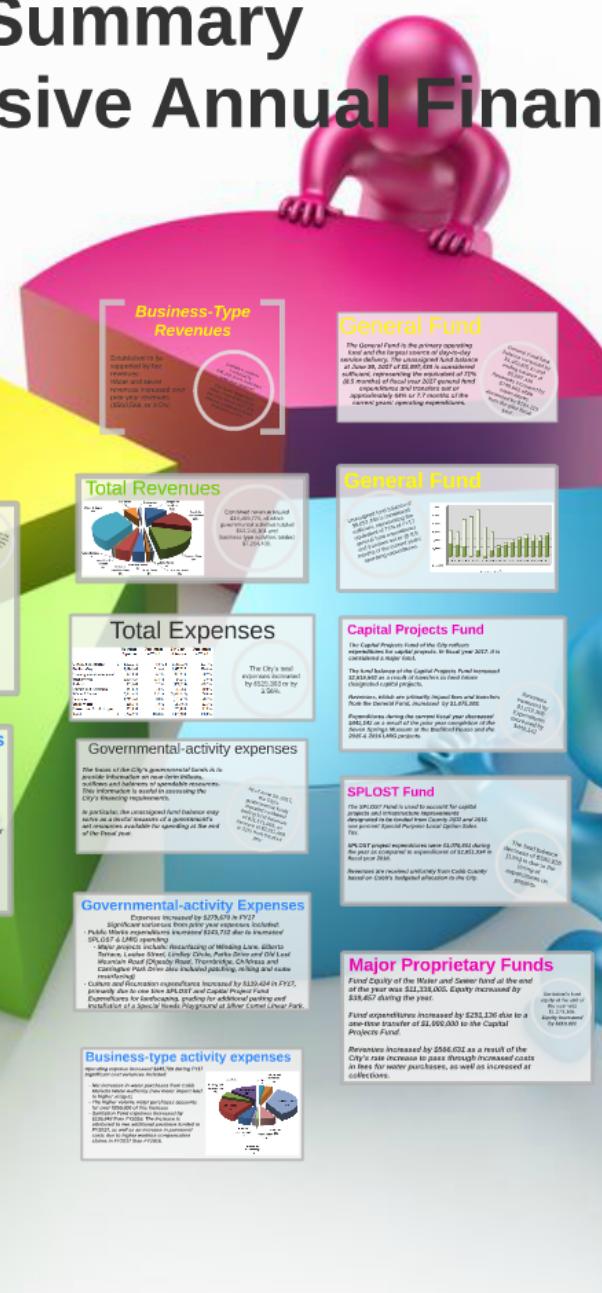
- Public Works expenditures increased \$223,712 due to increased SPLOST & CDBG spending.
- Police and Fire expenditures, Accounting of Middletown Line, Alberta Terrace, 1st Avenue Street, Lindsey Drive, Park Drive and DM Land Wards, and the City's Fire Department, including the new and Catawba Park Drive areas included purchasing, installing and maintaining equipment.
- Culture and Recreation expenditures increased by \$1,033,000 in FY17, primarily due to the new City Hall and the new City Hall Park. Expenditures for landscaping, pruning for additional parking and installation of a special needs playground at older former Union Park.

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

Business-type activity expenses

Expenses increased by \$461,000, net during FY17. Increases in expenses include:

- Business-type activity purchases that cost more than the original purchase price. The City's rate increase to pass through increased costs in fees for water purchases, as well as increased at collection.
- Business-type activity purchases that cost less than the original purchase price. The City's rate increase to pass through increased costs in fees for water purchases, as well as increased at collection.



Capital Assets

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

As June 30, 2017, the depreciable capital assets for governmental activities were 36% depreciated. This comparison indicates that the City is replacing its assets more quickly than they are depreciating which is a positive indicator.

Conversely, the depreciable capital assets of business-type activities were 72% depreciable indicating a slower rate of replacement or improvement.

Long Term Debt

As of June 30, 2017, the City's total outstanding long-term debt (principal portion) totaled \$2,400,623 and included obligations as follows:

Debt Type	Amount
General Obligation Bonds	\$2,399,623
Capital Projects Fund	\$1,000
SPLOST Fund	\$1,000
Major Proprietary Funds	\$1,000

The City is legally required to limit outstanding general obligation debt to 50% of the assessed valuation of taxable property within the City which equates to \$34,598,720.



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The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending.

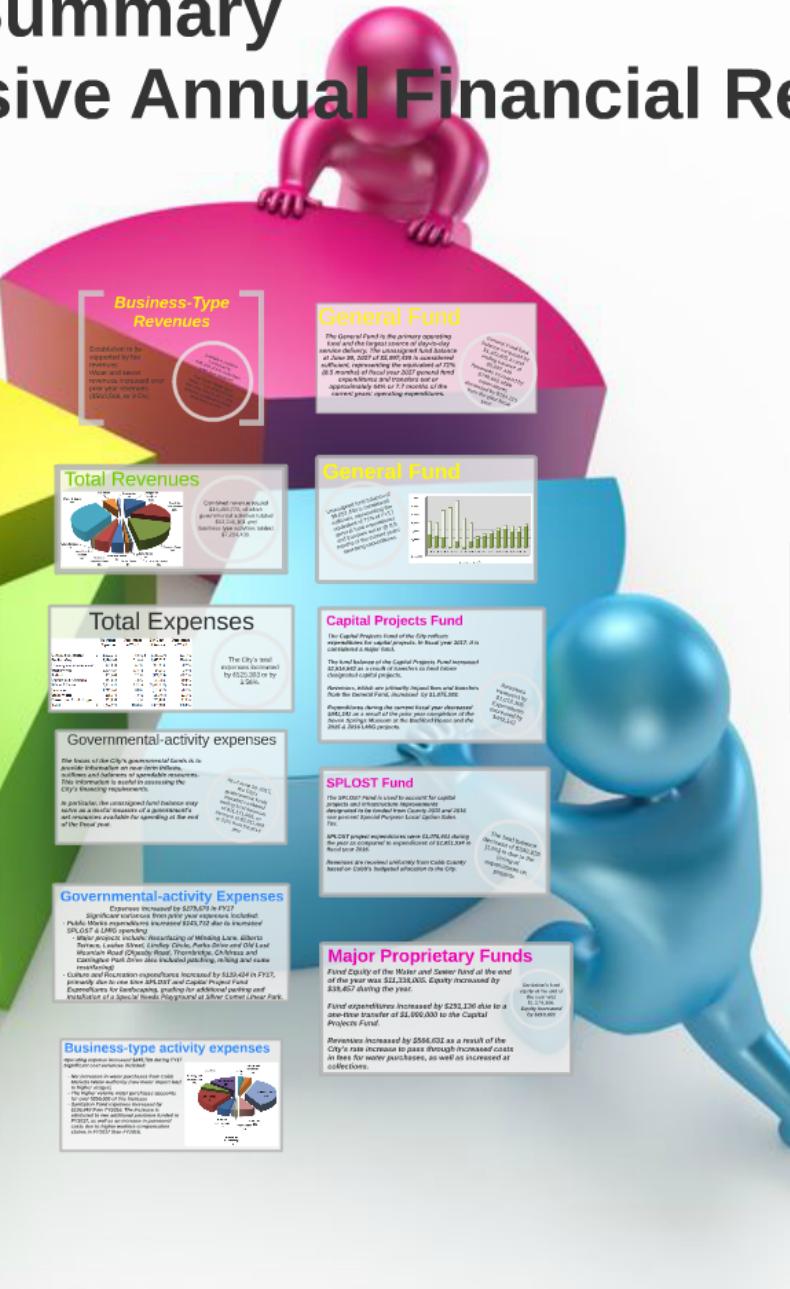
Governmental Activity Revenues

Governmental activities revenues increased by 20%, and is primarily attributed to an increase in programming revenues, such as:

- Charges for Services of \$494,368 (over prior year revenue). The Charges for Services include fees for services such as building permits, facility rentals and municipal court fees.
- Increased property tax revenue of \$185,618

Tax provided \$5,405,203 or 40% of governmental revenue, while charges for services provided \$2,273,544 or 20% of operating revenues. As such, the City's tax and purchases of City services fund 60% 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



Capital Assets

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

At June 30, 2017, the depreciable capital assets for governmental activities were 36% depreciated. This comparison indicates that the City is replacing its assets more quickly than they are depreciating which is a positive indicator. Conversely, the depreciable capital assets of business-type activities were 72% depreciable indicating a slower rate of replacement or improvement.

Long Term Debt

As of June 30, 2017, the City's total outstanding long-term debt (principal portion) totaled \$2,400,629 and included obligations as follows:

Debt Type	Amount
General Obligation Debt	\$2,400,629
Capital Projects Fund	\$2,400,629
SPLOST Fund	\$2,400,629
Major Proprietary Funds	\$2,400,629

The City is legally required to limit outstanding general obligation debt to 50% of the assessed valuation of taxable property within the City which equates to \$34,598,728.



FY 2017

Financial Highlights

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- Governmental activities - net assets increased by \$1.9 million; with ending unassigned fund balance in the General Fund totaling \$5 million

Government-wide Financial Analysis

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

- The City's combined net assets (government and business-type activities) totaled \$56,062,898 at June 30, 2017
- The City's investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding comprise 70% of the City's total net assets.
- Investments in capital assets net of related debt increased by \$2,109,020 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.

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

Governmental	increase \$2.7 million
Business-type	increase \$307,241



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***Governmental
increase \$2.7 million***
***Business-type
increase \$307,241***

Governmental Activity Revenues

Governmental activities revenues increased by \$673,401 ~ primarily attributed to a increase in programming revenues, such as:

- *Charges for Services of \$494,368 (over prior year revenue).* The Charges for Services include fees for services such as building permits, facility rentals and municipal court fines
- *Increased property tax revenue of \$185,818*

Tax provided \$5,405,208 or 48% of governmental revenue, while charges for services provided \$2,273,344 or 20% of operating revenues. As such, 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 Revenues

Established to be supported by fee revenues:
Water and sewer revenues increased over prior year revenues (\$560,568, or 9.5%)

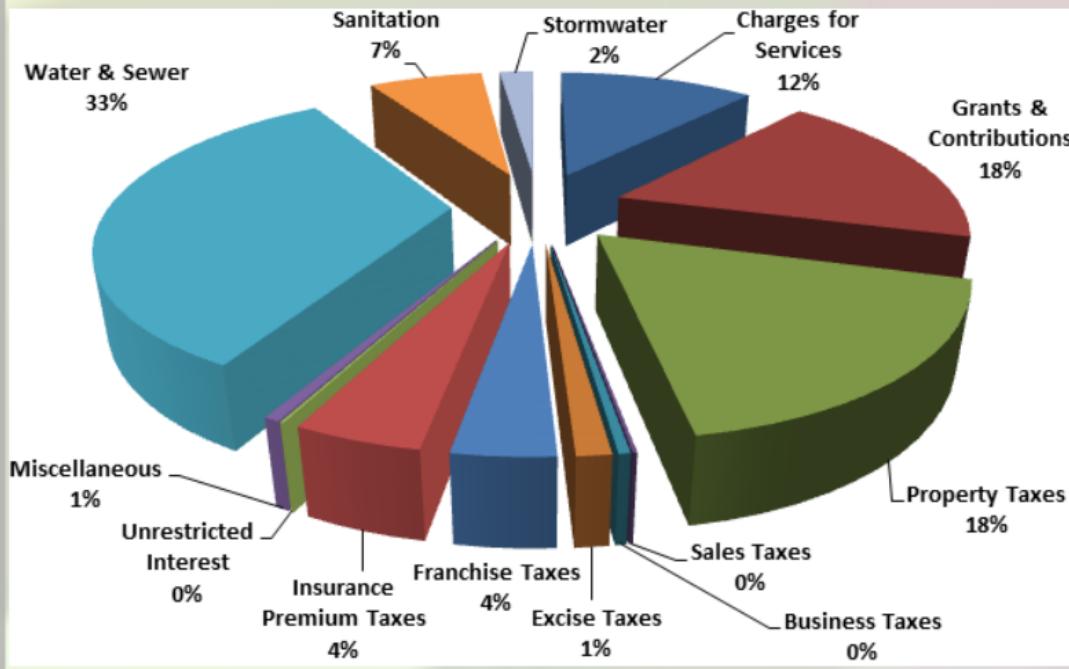
Sanitation revenue increased by \$45,328 (3.5% more than prior year revenue)

The Storm Water fund billed a total \$395,637 for the utility fees in 2017, this includes a Detention Pond Maintenance Fee

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Total Revenues



Combined revenue totaled \$19,459,770, of which governmental activities totaled \$12,245,361 and business-type activities totaled \$7,214,409.

Total Expenses

	Operating Expenses	Percentage of Total	Net Cost of Service	Percentage of Total
General government	\$ 1,002,210	6.6%	\$ (1,351,727)	-103.7%
Public safety	3,196,108	21.0%	2,997,227	230.0%
Housing and development	923,634	6.1%	923,634	70.9%
Public works	2,094,427	13.8%	64,581	5.0%
Judicial	351,664	2.3%	(368,233)	-28.3%
Culture and recreation	551,055	3.6%	137,766	10.6%
Water & Sewer	5,445,641	35.8%	(1,041,158)	-79.9%
Sanitation	1,215,260	8.0%	(107,437)	-8.2%
Storm Water	238,174	1.6%	(157,463)	-12.1%
Interest and fiscal charges	205,998	1.4%	205,998	15.8%
Total	\$ 15,224,171	100.0%	1,303,188	100.0%

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

Governmental-activity expenses

Interest and fiscal charges	205,998	1.4%	205,998	15.8%
Total	\$ 15,224,171	100.0%	1,303,188	100.0%

Governmental-activity expenses

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the City's financing requirements.

In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 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

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Governmental-activity Expenses

Expenses increased by \$279,670 in FY17

Significant variances from prior year expenses included:

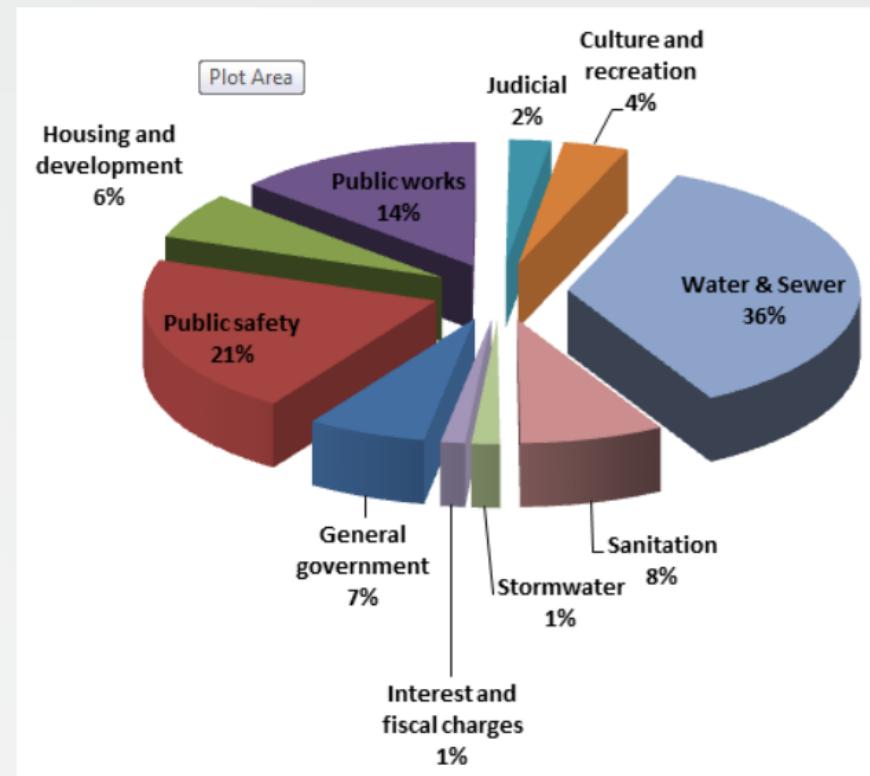
- *Public Works expenditures increased \$143,732 due to increased SPLOST & LMIG spending*
 - *Major projects include: Resurfacing of Winding Lane, Elberta Terrace, Louise Street, Lindley Circle, Parks Drive and Old Lost Mountain Road (Olgesby Road, Thornbridge, Childress and Carrington Park Drive also included patching, milling and some resurfacing)*
 - *Culture and Recreation expenditures increased by \$139,424 in FY17, primarily due to one time SPLOST and Capital Project Fund Expenditures for landscaping, grading for additional parking and installation of a Special Needs Playground at Silver Comet Linear Park.*

Business-type activity expenses

Operating expense increased \$245,723 during FY17

Significant cost variances included:

- *Net increases in water purchases from Cobb Marietta Water Authority (new meter import lead to higher usages)*
- *The higher volume water purchases accounts for over \$200,000 of this increase*
- *Sanitation Fund expenses increased by \$106,848 from FY2016. The increase is attributed to two additional positions funded in FY2017, as well as an increase in personnel costs due to higher workers compensation claims in FY2017 than FY2016.*



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% (8.5 months) of fiscal year 2017 general fund expenditures and transfers out or approximately 64% or 7.7 months of the current years' operating expenditures.

General Fund fund balance increased by \$1,462,801 to and ending balance of \$5,097,439
Revenues increased by \$748,002 while expenditures decreased by \$194,115 from the prior fiscal year.



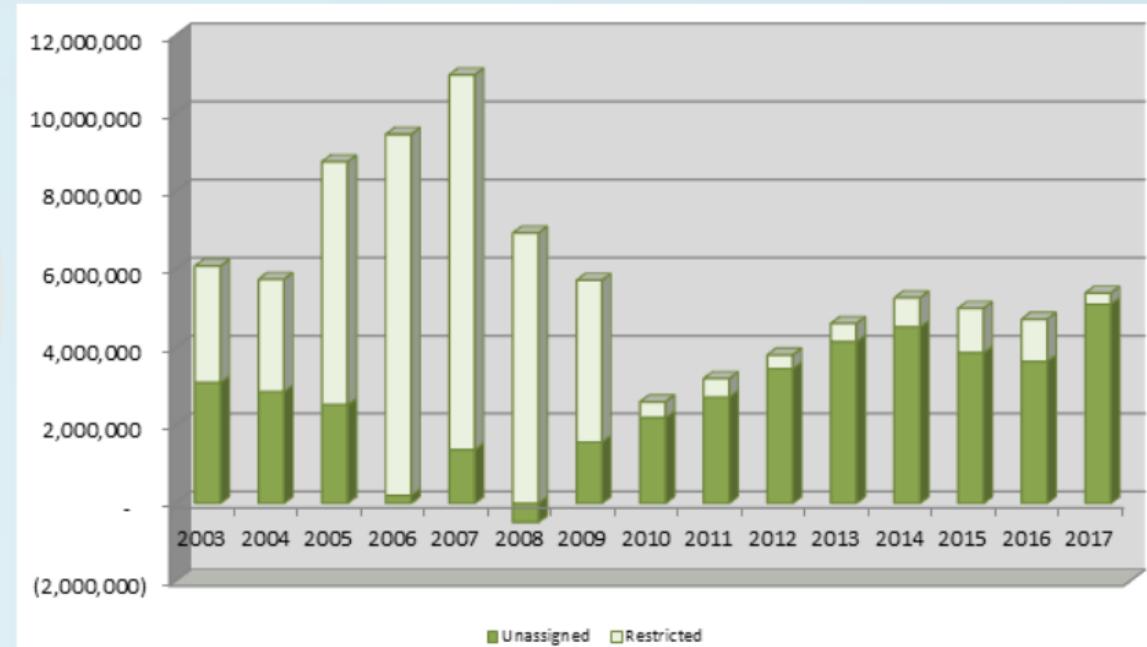
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General Fund

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Capital Projects Fund

The Capital Projects Fund of the City reflects expenditures for capital projects. In fiscal year 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 from the General Fund, increased by \$1,075,308.

Expenditures during the current fiscal year decreased \$442,142 as a result of the prior year completion of the Seven Springs Museum at the Bodiford House and the 2015 & 2016 LMIG projects.



Revenues increased by \$1,075,308
Expenditures decreased by \$442,142

SPLOST Fund

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

SPLOST project expenditures were \$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.

The fund balance decrease of \$380,929 [13%] is due to the timing of expenditures on projects



Major Proprietary Funds

Fund Equity of the Water and Sewer fund at the end of the year was \$11,338,005. Equity increased by \$39,457 during the year.

Fund expenditures increased by \$291,136 due to a one-time transfer of \$1,000,000 to the Capital Projects Fund.

Revenues increased by \$566,631 as a result of the City's rate increase to pass through increased costs in fees for water purchases, as well as increased at collections.

Sanitation's fund equity at the end of the year was \$1,579,306. *Equity increased by \$110,321*

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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 \$34,590,710.

QUESTIONS ?



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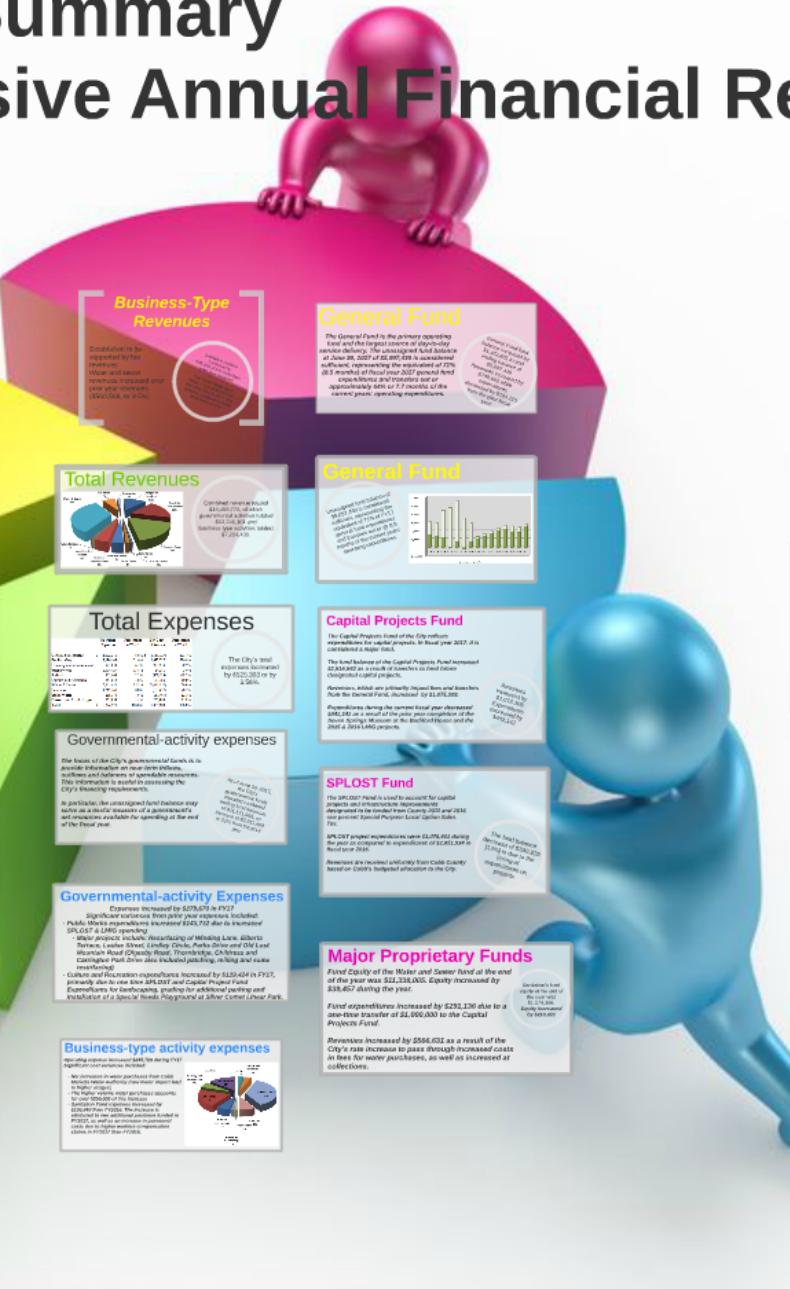
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Total	\$2,400,629

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